



80 South Jefferson Road  
Whippany, NJ 07981

Richard A. Askoff  
Executive Director – Regulatory

raskoff@neca.org  
973 884-8350  
fax 973 884-8008

August 27, 2014

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, N.W.  
TW-A325  
Washington, D.C. 20554

Re: NECA 2015 Modification of the Average Schedule Universal Service High Cost Loop Support Formula, WC Docket No. 05-337

Dear Ms. Dortch:

In compliance with the Wireline Competition Bureau's Order, 19 FCC Rcd. 24998 (2004), attached is NECA's *2015 Modification of the Average Schedule Universal Service High Cost Loop Support Formula*. This filing contains proposed modifications to the formula used to calculate interstate universal service fund high cost loop expense adjustments for average schedule companies. These average schedule modifications are scheduled to take effect on January 1, 2015 and remain in effect through December 31, 2015.

This *2015 Modification of the Average Schedule Universal Service High Cost Loop Support Formula* has been filed electronically in the above-referenced docket.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Askoff".

Attachment:  
2015 Modification of the Average Schedule Universal Service High Cost Loop Support Formula

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, DC 20554

2015

**NECA MODIFICATION OF  
THE AVERAGE SCHEDULE UNIVERSAL SERVICE  
HIGH COST LOOP SUPPORT FORMULA**

August 27, 2014

NECA  
80 South Jefferson Road  
Whippany, NJ 07981

**NECA MODIFICATION OF THE AVERAGE SCHEDULE  
UNIVERSAL SERVICE HIGH COST LOOP SUPPORT FORMULA  
EFFECTIVE JANUARY 1, 2015**

**TABLE OF CONTENTS**

|  |    |
|--|----|
| Summary .....  | i  |
| A. Background .....  | 1  |
| B. Procedural Aspects.....   | 3  |
| C. Data Used to Develop the Proposed Formula.....                          | 4  |
| D. HCL Cost per Loop Formula .....   | 7  |
| 1. Calculation of Categorization Factors from Subset 3 Cost Companies..... | 7  |
| 2. Calculation of Loop Cost for Sample Average Schedule Companies .....    | 16 |
| 3. Cost per Loop Formula for 2015 .....                                    | 19 |
| E. HCL Payments for the Population of Average Schedule Companies .....     | 23 |
| F. Effects of Changes on Average Schedule Companies .....                  | 24 |
| G. Conclusion .....  | 26 |

**NECA MODIFICATION OF THE AVERAGE SCHEDULE  
UNIVERSAL SERVICE HIGH COST LOOP SUPPORT FORMULA  
EFFECTIVE JANUARY 1, 2015**

**TABLE OF CONTENTS**

**APPENDICES**

|            |  |            |
|------------|--|------------|
| Appendix A | Study Area Code / Study Area Name .....  | A-1 to A-7 |
| Appendix B | Sample Average Schedule Study Areas - Underlying Data<br>Cost per Loop Calculation ..... | B-1 to B-5 |
| Appendix C | Comparison of Current and Proposed Monthly HCL Payments .....                            | C-1 to C-7 |

**NECA MODIFICATION OF THE AVERAGE SCHEDULE  
UNIVERSAL SERVICE HIGH COST LOOP SUPPORT FORMULA  
EFFECTIVE JANUARY 1, 2015**

**TABLE OF CONTENTS**

| <b><u>EXHIBIT<br/>NUMBER</u></b> | <b><u>EXHIBIT TITLE</u></b>  | <b><u>PAGE<br/>NUMBER</u></b> |
|----------------------------------|--|-------------------------------|
| 1                                | Proposed HCL Formula for 2015 .....                                      | 4                             |
| 2                                | Allocation of Average Schedule Accounts to Loop Cost Categories .....    | 9                             |
| 3                                | Adjustment Ratios For Allocation of Total Accumulated Depreciation ..... | 14                            |
| 4                                | Loop Cost Categorization Factors from Sample Cost Companies .....        | 15                            |
| 5                                | Allocation of Unseparated Total Accounts to Loop .....                   | 18                            |
| 6                                | Cost Per Loop Model .....  | 21                            |
| 7                                | Proposed Monthly HCL Payment Changes By Loop Size .....                  | 25                            |
| 8                                | Proposed Monthly HCL Payment Changes By Per Cent Change Bands .....      | 25                            |

## **Summary**

In this filing, the National Exchange Carrier Association, Inc. (NECA) proposes modifications to the formula used to calculate Universal Service Fund (USF) high cost loop (HCL) expense adjustments for average schedule companies.<sup>1</sup> This formula and associated cost per loop values are intended to govern HCL payments to average schedule companies in the 2015 calendar year.

This filing describes results of NECA's studies to update the HCL Cost per Loop (CPL) formula, which continues to use methods approved by the Commission for determining average schedule USF payments in 2014.<sup>2</sup>

---

<sup>1</sup> NECA submits proposed modifications to the average schedule HCF formula on an annual basis. *See, National Exchange Carrier Association, Inc. 2005 Modification of Average Schedule Universal Service Formulas*, CC Docket No. 96-45, Order, 19 FCC Rcd 24998 (2004) (*December 2004 Order*).

<sup>2</sup> *National Exchange Carrier Association, Inc., 2014 Modification of Average Schedule Universal Service Support Formula, High-Cost Universal Service Support*, WC Docket No. 05-337, Order, 28 FCC Rcd. 16885 (2013).

## **A. Background**

The proposed average schedule HCL formula change is needed to assure payments to average schedule companies will simulate payments received by representative cost companies, as required by section 69.606(a) of the Commission's rules.

NECA proposes herein a formula relating cost per loop data of sample companies to their loops per exchange values (see Exhibit 1). NECA includes cost per loop amounts based on this formula for every average schedule study area in its Annual Universal Service Fund Submission of Study Results. These cost per loop amounts, when used with the payment algorithm prescribed in section 36.631 of the Commission's rules, will produce HCL payments to individual companies consistent with the Commission's rules.

Annual payments to average schedule companies under the proposed formula will total approximately \$10.3 million payable to 179 average schedule study areas in 2015. These payments reflect the maintenance of the cap on the overall fund size. In comparison, payments in 2014 under the current formula are expected to amount to \$11.2 million paid to 207 study areas. The proposed payments represent a decrease of \$0.9 million, about -8%, compared to current payments.

It should be noted the average schedule portion of high cost loop funding is small, in part because average schedule companies generally have costs between 115% and 150% of the capped National Average Cost per Loop (NACPL), and thus receive support compensating for only a minor portion of their loop costs. HCL funding for all rural companies in 2015 will amount to \$734.4 million. If the Commission approves the Cost per Loop formula proposed

herein, the \$10.3 million in HCL funding made available in 2015 to average schedule companies will represent only 1.4% of the total rural HCL fund.<sup>3</sup> In contrast, there are 319 average schedule study areas, representing 29% of the 1095 total rural study areas.

---

<sup>3</sup> During each year the capped NACPL typically adjusts upward because of quarterly data submission by cost companies as permitted by section 36.612 of the Commission's rules. Increases in the NACPL have the effect of reducing payments to all companies, including average schedule companies for all months of the year, compared to payments that would be received if no cap were in effect.

## **B. Procedural Aspects**

In preparing proposed formula revisions, NECA receives valuable assistance from the Average Schedule Task Group. This group consists of exchange carrier representatives sponsored by industry associations (*i.e.* NTCA – the Rural Broadband Association, USTelecom, and the Western Telecommunications Alliance). The Task Group meets several times a year, reviews the steps taken in developing proposed average schedule formulas, advises NECA regarding the development of procedures for administration of the formulas, and assists the NECA Board of Directors in evaluating final proposed formulas. Task Group participation assures average schedule companies are able to participate fully in the development of the average schedule formulas, and also have an opportunity to provide input to NECA regarding the ways in which changes in average schedule company networks can affect settlement formulas.

As it has done in the past for each proposed average schedule modification, NECA will again provide a statement to each average schedule company advising it of the impacts of these proposed modifications. This detailed, individual notification includes a brief overview of the new formula as well as the factors contributing to changes in a company's support amount (e.g. changes in loop counts and exchange count data). These notifications assure average schedule companies are aware of proposed changes in the support formula and the impact on their settlements to enable them to plan accordingly. NECA also provides data based on this formula to USAC for USF administration.

## **Exhibit 1**

### **Proposed High Cost Loop Formula for 2015**

#### Average Schedule HCLS Formula

If number of USF Loops is less than 50,000, and:

If Loops per Exchange is less than 1000, then:

$$\text{Cost per Loop} = \$986.691423 - \$0.386859 \times \text{Loops per Exchange}$$

If Loops per Exchange is greater than or equal to 1000 but less than 4,000, then:

$$\text{Cost per Loop} = \$622.716976 - \$0.022885 \times \text{Loops per Exchange}$$

If number of USF loops is greater than or equal to 50,000 or if Loops per Exchange is greater than or equal to 4,000, then:

$$\text{Cost per Loop} = \$531.18$$

### **C. Data Used to Develop the Proposed Formula**

This section describes the data underlying the proposed HCL formula. Data comes from three sources:

1. USF data submitted by the population of Subset 3 study areas settling on a cost basis.
2. Financial accounts and loop data from a sample of average schedule study areas.
3. Access line and exchange count data from the entire population of average schedule study areas

Subset 3 cost study areas provided categorized account data used to compute cost categorization

factors. These data were collected in connection with the 2013 annual USF Data Submission and are available on the diskettes included with that submission.<sup>4</sup>

Account data and loop information were collected from the average schedule study areas sampled in 2012 and 2013. The 2012 sample provided 2011 financial accounts and loop information for 2012. The 2013 sample provided 2012 financial accounts and loop information for 2013. These data were used to determine Universal Service Fund (USF) loop cost values for each company, as described in the next section. Four sample study areas were excluded from the study due to mergers and acquisitions or inconsistencies in data files.

Loop data and access line counts from the sample were used to calculate a loop count value for each sample average schedule company. In the annual collection of data from sample study areas, NECA collects the following loop information to supplement access line counts: company official lines, off-premise extensions and special access lines. NECA calculated the count of USF loops for each sample study area as the sum of access lines, company official lines and off-premises extensions bridged in the central office.

A loops-per-access line ratio was calculated by dividing sample total USF loops by sample total access lines. Totals used in this calculation were weighted using sample weights. Sample weights are used to expand the sample to a population estimate. A study area's sample weight is the reciprocal of the probability of it being included in the sample. The sample weight measures the count of units in the population a member of the sample represents. For example, a study area with a sample weight of three represents three study areas in the average schedule population. An unbiased estimate of the population is achieved by weighting access line data in

---

<sup>4</sup> See 2013 NECA Universal Service Fund Submission of 2012 Study Results, National Exchange Carrier Association, Inc. (filed Sept.30, 2013) (NECA 2013 USF Data Submission).

this manner. This means an estimate developed by this method is expected to neither overestimate nor underestimate the loops-per-access line ratio.

$$2015 \text{ Fund Loops per Access Line Ratio} = 1.019409$$

Account and loop data from the sample were projected to December 2013 levels using the methods and growth models developed in NECA's 2013 study and filed in the 2014 NECA Modification of Average Schedules.<sup>5</sup>

Access line<sup>6</sup> data and exchange counts for the population of average schedule study areas were taken from NECA's settlement system for the month of December 2013 based on the June 2014 view. For the purpose of evaluating the proposed formula on each member of the average schedule population, USF loop counts were calculated for each study area using the loops per access line ratio.

$$\text{USF Loops} = \text{Access Lines} \times \text{Loops per Access Line Ratio}$$

USF loops and exchange counts for each average schedule study area are displayed in Appendix C.

#### D. HCL Cost per Loop Formula

---

<sup>5</sup> The growth rates development method description is included in Section V.B and V.C of NECA's December 2013 settlements formula filing. See *National Exchange Carrier Association, Inc.'s 2014 Modification of Average Schedule Formulas*, WC Docket No. 12-369 (filed Dec. 21, 2013).

<sup>6</sup> Average schedule companies report access line counts to NECA each month based on their billing of End User Common Line (EUCL) charges associated with basic local exchange service. NECA uses the reported December line counts to calculate USF loops for these companies. Loop counts based on these line counts are included in the annual USF data submission filed on October 1<sup>st</sup> of each year.

This section describes the derivation of the average schedule HCL Cost per Loop formula by:

- Computing categorization factors from Subset 3 cost company data;
- Determining loop costs for sample average schedule study areas using these factors and projected accounts; and
- Using sample companies' loop cost and loops per exchange data to derive a statistical regression model.

These steps are explained in the following three subsections.

## **1. Calculation of Categorization Factors from Subset 3 Cost Companies**

Cost companies submit categorized data to NECA pursuant to section 36.611 of the Commission's rules.<sup>7</sup> This data was used to compute average USF loop cost categorization factors. Loop cost categorization factors are the cost company fractions of accounts attributed to loop. They were developed from accounts related to Exchange Line Cable and Wire (C&WF) Facilities (Category 1) and Exchange Line Central Office Circuit equipment (Category 4.13).

For example, by computing the ratio of cost company Central Office Equipment (COE) 4.13 investment to total cost company COE investment, NECA developed average categorization factors for Category 4.13 investment. Loop cost categorization factors were developed for each of NECA's six geographical regions, to recognize categorization differences in circuit equipment and cable and wire facilities across regions.

---

<sup>7</sup> Data was taken from the USF Data submission filed with the Commission on Sept. 30, 2013. See *NECA 2013 USF Data Submission*.

Exhibit 2 summarizes how these categorization factors were computed from cost company data, and how they were used to allocate sample average schedule companies' projected accounts. The first column names the Algorithm line corresponding to instructions in Tab 3 of NECA's Universal Service Fund (USF) 2013 Submission of 2012 Study Results.<sup>8</sup> Algorithm lines AL3, AL4, AL5 and AL6 are categorization factors defined in the USF submission to apportion unseparated cost accounts to loop.

Algorithm lines 13 through 24 are the various cost components of loop cost. Line 25 is the total unseparated loop cost. Line 26 is the cost per loop. Loop cost components are named in the second column in Exhibit 2. The third column is a description of each algorithm line and the last column presents cost categorization formulas used to calculate the value for each sample average schedule company.

Algorithm Lines 23 and 24 in Exhibit 2 use Adjustment Ratios to allocate Total Accumulated Depreciation to C&W Facilities and COE Transmission. This is done to ensure the amount of reserves assigned to loop is in proportion to the amount of investment assigned to loop. The adjustment ratio is calculated as follows:

$$\text{Adjustment Ratio} = \frac{\text{Proportion Of Reserves Allocated To Loop}}{\text{Proportion Of Investment Allocated To Loop}}$$

For example, an adjustment ratio of 0.93877 for Cable & Wire Facilities means the portion of reserves allocated to Loop is 93.88% of the portion of Cable & Wire Facilities investment allocated to Loop. Exhibit 3 describes the derivation of these ratios.

---

<sup>8</sup> *Id.*

**Exhibit 2**

**Allocation Of Average Schedule Accounts To Loop Cost Categories**

| Algorithm Line | Loop Cost Component | Factor Description  | Cost Allocation Formula  |
|----------------|---------------------|---|--|
| AL3            |                     | Factor A: C&WF Cat. 1/Total C&WF  | Average ratio by region based on cost company data                                     |
| AL4            |                     | Factor B: COE Cat. 4.13/Total COE   | Average ratio by region based on cost company data                                     |
| AL5            |                     | Factor C (C&WF Gross Allocator):<br>C&WF Cat. 1/Total Plant in Service  | Average ratio by region based on cost company data                                     |
| AL6            |                     | Factor D (COE Gross Allocator):<br>COE Cat. 4.13/Total Plant in Service   | Average ratio by region based on cost company data                                     |
| AL13           | C&WF Maintenance    | C&WF Maintenance Expense assigned to<br>Cat. 1<br><br>C&WF R&B Factor = <u><math>\frac{C&amp;WF\ R&amp;B\ Exp.}{C&amp;WF\ Expense}</math></u> | Factor A x (1 - C&WF R&B Factor)<br><br><u><math>\times C&amp;WF\ Expense^9</math></u> |
| AL14           | COE Maintenance     | COE Maintenance Expense assigned to Cat.<br>4.13<br><br>COE R&B Factor = <u><math>\frac{COE\ R&amp;B\ Exp.}{COE\ Expense}</math></u>          | Factor B x (1 - COE R&B Factor) x <u><math>\underline{COE\ Expense}</math></u>         |

---

<sup>9</sup> Amounts underlined are data or calculated values of sample average schedule study areas. Other values are cost company factors.

**Exhibit 2**

**Allocation Of Average Schedule Accounts To Loop Cost Categories**

| Algorithm Line | Loop Cost Component                      | Factor Description   | Cost Allocation Formula   |
|----------------|--|--|---|
| AL15           | Network and General Support Expense      | Network Support Expense plus General Support Expense assigned to C&WF Cat. 1 and to COE Cat. 4.13<br><br>Net. Spt. R&B Factor =<br><u>Network Spt. R&amp;B Exp.</u><br>Network Support Expense | (Factor A + Factor B)<br><br>x [(1 - Network Support R&B Factor)<br>x <u>Network Support Expense</u><br>+ (1 - General Support R&B Factor)<br>x <u>General Support Expense</u> ]                                  |
| AL16           | Network Operations Expense               | Network Operations Expense assigned to C&WF Cat. 1 and to COE Category 4.13<br><br>Ntwk. Oper. R&B Factor =<br><u>Ntwk. Oper. R&amp;B Exp.</u><br>Ntwk. Oper. Expense                          | (Factor A + Factor B)<br><br>x (1 - Network Operations R&B Factor)<br>x <u>Network Operations Expense</u>   |
| AL17           | C&WF Depreciation & Amortization Expense | Depreciation & Amortization Expense assigned to C&WF Category 1<br><br>Dep. Exp. C&WF Factor =<br><u>Dep. &amp; Amort. Exp. CWF</u><br>C&WF  | Factor A<br><br>x [(Depreciation Expense Factor-C&WF x<br><u>C&amp;WF</u> )<br>+ (Depreciation Expense Factor—Tangibles<br>x <u>Tangibles</u> ) + (Tangibles Factor -- C&WF<br>x <u>Amort. Tangible Assets</u> )] |

**Exhibit 2**

**Allocation Of Average Schedule Accounts To Loop Cost Categories**

| Algorithm Line | Loop Cost Component                     | Factor Description  | Cost Allocation Formula   |
|----------------|---|---|---|
| AL18           | COE Depreciation & Amortization Expense | <p>Depreciation &amp; Amortization Expense assigned to COE Category 4.13</p> <p>Dep. Exp. COE Factor =<br/>Dep. &amp; Amort. Exp. COE<br/>COE</p> <p>Tangibles -- COE =<br/><u>Amort. Tangible Assets -- COE</u><br/>Amort. Tangible Assets</p> <p>Depreciation--Tang. Factor =<br/><u>Deprec.--Tangibles</u><br/>Tangibles</p> | <p>Factor B</p> <p><math>\times [(\text{Depreciation Expense Factor} - \text{COE}) \times \underline{\text{COE}}]</math></p> <p>+ (Depreciation Expense Factor--Tangibles<br/><math>\times \underline{\text{Tangibles}}</math>) + (Tangibles Factor -- COE<br/><math>\times \underline{\text{Amort. Tangible Assets}}]</math></p> |
| AL19           | Corporate Operations Expense            | Corporate Operations Expense assigned to C&WF Cat. 1 and to COE Cat. 4.13, limited as per §36.621(a)(4) <sup>10</sup>   | (Factor C + Factor D)<br>$\times \underline{\text{Corporate Operations Expense}}$   |

<sup>10</sup> For purposes of the USF Data Submission, Corporate Operations Expenses were subject to the cap imposed by the Commission in its Report and Order and Further Notice of Proposed Rulemaking released November 18, 2011. *Connect America Fund*, WC Docket No. 10-90, A National Broadband Plan for Our Future, GN Docket No. 09-51, *et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd. 17663 (2011), ¶¶ 232- 233.

**Exhibit 2**

**Allocation Of Average Schedule Accounts To Loop Cost Categories**

| Algorithm Line | Loop Cost Component | Factor Description   | Cost Allocation Formula  |
|----------------|---------------------|--|--|
| AL20           | Operating Taxes     | Operating Taxes assigned to C&WF Cat. 1 and to COE Cat. 4.13<br>Operating Taxes Factor = $\frac{\text{Operating Taxes}}{\text{Total Plant in Service}}$  | (Factor C + Factor D)<br>x Operating Taxes Factor<br>x Total Plant in Service  |
| AL21 + AL22    | Benefits & Rents    | Benefits & Rents other than Corporate Operations Expense assigned to C&WF Cat. 1 and COE Cat. 4.13<br>$C\&WF \text{ R\&B Factor} = \frac{C\&WF \text{ R\&B Expense}}{C\&WF \text{ Expense}}$<br>$COE \text{ R\&B Factor} = \frac{COE \text{ R\&B Expense}}{COE \text{ Expense}}$<br>$\text{Net. Sup. R\&B Factor} = \frac{\text{Network Sup. R\&B Exp.}}{\text{Network Support Expense}}$<br>$\text{Gen. Sup. R\&B Factor} = \frac{\text{General Sup. R\&B Exp.}}{\text{General Support Expense}}$ | (Factor C + Factor D)<br>x [(C&WF R&B Factor x <u>C&amp;WF Expenses</u> )<br>+ (COE R&B Factor x <u>COE Expenses</u> )<br>+ (Net. Sup. R&B Factor x <u>Net. Sup. Expenses</u> )<br>+ (General Sup. R&B Factor x <u>General Sup. Expenses</u> )<br>+ (Net. Op. R&B Factor x <u>Net. Op. Expenses</u> )] |

**Exhibit 2**

**Allocation Of Average Schedule Accounts To Loop Cost Categories**

| Algorithm Line | Loop Cost Component | Factor Description  | Cost Allocation Formula   |
|----------------|---------------------|---|---|
| AL23           | C&WF Return         | Return Component for C&WF Cat. 1<br>$\text{C\&WF Cat. 1 Factor} = \frac{\text{C\&WF Cat. 1}}{\text{C\&WF}}$<br>Tangibles -- C&WF Factor =<br>$\frac{\text{Tangibles --C\&WF}}{\text{Tangibles}}$<br>Accum. Dep. Adj. Ratio -- C&WF<br>(See Exhibit 3) | $\{(C\&WF \text{Cat. 1 Factor} \times \underline{C\&WF})$<br>+ (Tangibles Factor--C&WF $\times \underline{\text{Tangibles}}$ )<br>+ (Factor C $\times \underline{\text{Materials \& Supplies}}$ )<br>- Factor A $\times [(\text{Accum. Dep. Adj. Ratio} - \underline{C\&WF}$<br>$\times \underline{\text{Acc. Dep.}} \times \% \underline{C\&WF} \text{ of TPIS})$<br>+ (Net N.C. D. OIT Factor--C&WF $\times \underline{\text{TPIS}}$ )<br>+ (Tangibles Factor--C&WF $\times \underline{\text{Acc. Amo. -- Tangibles}}$ ) $\}] \times .1125$ |
| AL24           | COE Return          | Return Component for COE Cat. 4.13<br>$\text{COE Cat. 4.13 Factor} = \frac{\text{COE Cat. 4.13}}{\text{COE}}$<br>Tangibles -- COE Factor =<br>$\frac{\text{Tangibles --COE}}{\text{Tangibles}}$<br>Accum. Dep. Adj Ratio -- COE.<br>(See Exhibit 3)   | $\{(COE \text{Cat. 4.13 Factor} \times \underline{COE})$<br>+ (Tangibles Factor--COE $\times \underline{\text{Tangibles}}$ )<br>+ (Factor D $\times \underline{\text{Materials \& Supplies}}$ )<br>- Factor B $\times [(\text{Accum. Dep. Adj Ratio -- COE} \times \underline{\text{Acc. Dep.}} \times \% \underline{COE} \text{ of TPIS})$<br>+ (Net N.C. Def. OIT Factor --COE $\times \underline{\text{TPIS}}$ )<br>+ (Tangibles Factor--COE $\times \underline{\text{Acc. Amo. -- Tangibles}}$ ) $\}] \times .1125$                       |
| AL25           | Loop Costs          | Total Unseparated Loop Cost   | Sum of AL13 -- AL24   |
| AL26           | Cost Per Loop       | Study Area Cost per Loop  | AL25 Divided by Total Loops   |

### Exhibit 3

#### **Adjustment Ratios For Allocation Of Total Accumulated Depreciation**

| Description                                 | Calculation                    | Factor name                   |
|---|--------------------------------|-------------------------------|
| COE Transmission fraction of TPIS           | Sum DL240 / Sum DL160          | TPIS % 2230                   |
| C&W Facilities fraction of TPIS             | Sum DL255 / Sum DL160          | TPIS % 2410                   |
| COE Transmission fraction of Tot. Acc. Dep. | Sum DL270 / Sum DL190          | ACCT 3100 % 2230              |
| C&W Facilities fraction of Tot. Acc. Dep.   | Sum DL280 / Sum DL190          | ACCT 3100 % 2410              |
| Adjustment Ratio for COE Transmission       | ACCT 3100 % 2230 / TPIS % 2230 | Accum. Dep. Adj. Ratio - COE  |
| Adjustment Ratio for C&W Facilities         | ACCT 3100 % 2410 / TPIS % 2410 | Accum. Dep. Adj. Ratio - C&WF |

DL240 = COE Transmission (Acct 2230)

DL255 = C&WF Total (Acct 2410)

DL160 = Total Plant in Service (TPIS)

DL270 = Accumulated Depreciation - COE Transmission Equipment

DL280 = Accumulated Depreciation – Cable & Wire Facilities

DL190 = Accumulated Depreciation

Exhibit 4 displays the computed values of the loop cost categorization factors from sample cost companies, in each of NECA's six geographical regions.<sup>11</sup>

---

<sup>11</sup> Regions are defined by groups of states as follows:

REGION1 (Eastern): CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, PR, RI, VA, VI, VT, WV

REGION2 (Southern): AL, FL, GA, KY, LA, MS, NC, SC, TN

REGION3 (Midwest): IL, IN, MI, OH, WI

REGION4 (Southwestern): AR, HI, KS, MO, MP, OK, TX

REGION5 (Western): AK, AS, AZ, CA, CO, GU, ID, MT, NM, NV, OR, UT, WA, WY

REGION6 (North Central): IA, MN, ND, NE, SD

#### Exhibit 4

#### Loop Cost Categorization Factors from Sample Cost Companies

| <b>FACTOR</b>                               | <b>REGION1</b> | <b>REGION2</b> | <b>REGION3</b> | <b>REGION4</b> | <b>REGIONS</b> | <b>REGION6</b> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| FACTOR A                                    | 0.87584        | 0.91452        | 0.89605        | 0.87050        | 0.86151        | 0.88471        |
| FACTOR B                                    | 0.31205        | 0.42785        | 0.47446        | 0.46390        | 0.41766        | 0.40852        |
| FACTOR C                                    | 0.46572        | 0.55177        | 0.53756        | 0.55375        | 0.49442        | 0.51975        |
| FACTOR D                                    | 0.10097        | 0.11849        | 0.12647        | 0.11120        | 0.11546        | 0.11641        |
| C&WF RENTS & BENEFITS                       | 0.32892        | 0.31457        | 0.29005        | 0.29948        | 0.27820        | 0.28075        |
| COE RENTS & BENEFITS                        | 0.10566        | 0.09218        | 0.13102        | 0.13919        | 0.11178        | 0.10507        |
| TANGIBLES - C&WF                            | 0.00000        | 0.00000        | 0.00000        | 0.62016        | 0.05639        | 0.46046        |
| TANGIBLES - COE TRANSMISSION                | 0.00000        | 0.00000        | 0.00000        | 0.00000        | 0.11219        | 0.06693        |
| TANGIBLES - COE CATEGORY 4.13               | 0.00000        | 0.00000        | 0.00000        | 0.00000        | 0.09857        | 0.00000        |
| ACCUMULATED DEPRECIATION - C&WF             | 0.52854        | 0.57624        | 0.54009        | 0.60747        | 0.53590        | 0.52991        |
| ACCUMULATED DEPRECIATION - COE TRANS.       | 0.18976        | 0.22307        | 0.24535        | 0.20101        | 0.22764        | 0.25252        |
| NET NON-CURR DEF FIT-C&WF- Commercial Comp. | 0.02531        | 0.02108        | 0.02736        | 0.02700        | 0.01992        | 0.02140        |
| NET NON-CURR DEF FIT-C&WF- Coops            | 0.00000        | 0.00000        | 0.00000        | 0.00000        | 0.00000        | 0.00000        |
| NET NON-CURR DEF FIT-COE TRANS.- Comm Comp. | 0.00895        | 0.00844        | 0.00881        | 0.00636        | 0.00858        | 0.01071        |
| NET NON-CURR DEF FIT-COE TRANS.- Coops      | 0.00000        | 0.00000        | 0.00000        | 0.00000        | 0.00000        | 0.00000        |
| NETWORK SUPPORT RENTS & BENEFITS            | 0.05819        | 0.09924        | 0.12843        | 0.07970        | 0.24727        | 0.19386        |
| GENERAL SUPPORT RENTS & BENEFITS            | 0.20764        | 0.15381        | 0.24609        | 0.22070        | 0.32393        | 0.21313        |
| NETWORK OPERATIONS BENEFITS                 | 0.16916        | 0.19917        | 0.24029        | 0.22843        | 0.24272        | 0.22380        |
| DEPRECIATION EXPENSE - C&WF                 | 0.04346        | 0.04123        | 0.04157        | 0.04323        | 0.03936        | 0.04145        |
| DEPRECIATION EXPENSE -COE TRANSMISSION      | 0.06034        | 0.08230        | 0.07612        | 0.07755        | 0.07347        | 0.08409        |
| DEPRECIATION - TANGIBLES                    | 0.00000        | 0.00000        | 0.00000        | 0.01689        | 0.04851        | 0.00000        |
| ACCUM.DEP. ADJ. RATIO - COE                 | 0.99100        | 1.08225        | 1.22430        | 1.09093        | 1.11423        | 1.14974        |
| ACCUM.DEP. ADJ. RATIO - C&WF                | 0.98829        | 0.93877        | 0.87082        | 0.94106        | 0.91030        | 0.87788        |
| OPERATING INCOME TAX - Cooperatives         | 0.00453        | 0.00471        | 0.00632        | 0.00461        | 0.00587        | 0.00441        |
| OPERATING INCOME TAX-Commercial Companies   | 0.00888        | 0.01839        | 0.01492        | 0.01473        | 0.01360        | 0.00982        |

## **2. Calculation of Loop Cost for Sample Average Schedule Companies**

NECA calculated loop costs for sample average schedule companies consistent with the Part 36 rules that apply to cost companies. Accordingly, for each average schedule study area in the sample, the loop cost is the accumulation of components of accounts assigned to loop. Costs assigned to the loop include Cable & Wire Facilities investment in Category 1, COE investment in Category 4.13 and other accounts assigned proportionately based on these accounts. The portion of costs in accounts assigned to loop was determined using the allocation ratios derived from cost companies.

NECA applied the cost categorization factors shown in Exhibit 4 to uncategorized projected accounts from sample average schedule study areas to produce unseparated average schedule category-level loop costs. Section 36.621 of the Commission's rules describes various unseparated accounts making up a study area's total unseparated loop costs. Following this method, the unseparated loop cost for each sample average schedule study area was determined by summing the following categories related to COE Category 4.13 and C&WF Category 1 plant, as follows.

$$\begin{aligned} \text{Loop Cost} = & \text{ Maintenance Expense} + \text{Network \& General Support Expenses} \\ & + \text{Network Operations Expense} + \text{Depreciation \& Amortization Expense} \\ & + \text{Corporate Operations Expense} + \text{Operating Taxes} + \text{Benefits Expense} \\ & + \text{Rent Expense} + \text{Return on Investment} \end{aligned}$$

Exhibit 5 presents the results of loop cost calculations for the average schedule sample.

These calculated cost per loop amounts, when used with the payment algorithm prescribed in section 36.631 of the Commission's rules, produce \$176.9 million in

uncapped USF expense adjustments sample companies would be entitled to receive if they were to conduct cost studies.

NECA estimated the amount of uncapped expense adjustment that would be calculated for the entire population of average schedule companies based on individual cost studies, by using the sample weights described in Section C. Based on this calculation, the total uncapped expense adjustment amount for the entire population of average schedule companies based on cost studies would be \$226.6 million in 2015.

## Exhibit 5

### Allocation of Unseparated Total Accounts to Loop Weighted Total Data from the Average Schedule Sample

| HCL Algorithm Line | Cost Category                           | Calculation Method                          | Total Account Per Loop | Avg Loop % | Loop Cost Per Loop |
|--------------------|---|---|------------------------|------------|--------------------|
| 1                  | C&WF Category 1                         | Cost Company Factor                         | 3103.28                | 0.8959     | 2780.12            |
| 2                  | COE Category 4.13                       | Cost Company Factor                         | 1761.35                | 0.4225     | 744.11             |
| 3                  | Factor A                                | % C&WF Cat 1 of Total C&WF                  | 3103.90                | 0.8957     | 2780.12            |
| 4                  | Factor B                                | % COE Cat 4.13 of Total COE                 | 1761.35                | 0.4225     | 744.11             |
| 5                  | Factor C                                | % C&WF Cat 1 of TPIS                        | 5615.85                | 0.4951     | 2780.12            |
| 6                  | Factor D                                | % COE Cat 4.13 of TPIS                      | 5615.85                | 0.1325     | 744.11             |
| 7                  | Materials & Supplies for CWF Cat 1      | Factor C x M&S                              | 48.30                  | 0.4984     | 24.07              |
| 8                  | Materials & Supplies for COE Cat 4.13   | Factor D x M&S                              | 48.30                  | 0.1255     | 6.06               |
| 9                  | Reserves for CWF Cat 1                  | Factor A x Reserves                         | 4002.40                | 0.4332     | 1733.69            |
| 10                 | Reserves for COE Cat 4.13               | Factor B x Reserves                         | 4002.40                | 0.1569     | 628.12             |
| 11                 | Factor E                                | % Net C&WF Cat 1 of Net TPIS                | 1786.37                | 0.5993     | 1070.50            |
| 12                 | Factor F                                | % Net COE Cat 4.13 of Net TPIS              | 1786.37                | 0.0683     | 122.05             |
| 13                 | Maintenance of C&WF Cat 1               | Factor A x (Maintenance - R & B)            | 101.56                 | 0.6275     | 63.72              |
| 14                 | Maintenance of COE Cat 4.13             | Factor B x (Maintenance - R & B)            | 91.09                  | 0.3313     | 30.17              |
| 15a                | Network Support Assigned to Loop        | (Fact C + Fact D) x (Net Sup Exp - R&B)     | 5.51                   | 0.4950     | 2.73               |
| 15b                | General Support Assigned to Loop        | (Fact C + Fact D) x (Gen Sup Exp - R&B)     | 49.55                  | 0.5024     | 24.89              |
| 16                 | Network Operations Assigned to Loop     | (Fact C + Fact D) x (Net Ops Exp - R&B)     | 67.09                  | 0.4946     | 33.18              |
| 17                 | Depreciation of C&WF Cat 1              | C&WF Cat 1 x C&WF Deprec Rate               | 2780.12                | 0.0416     | 115.54             |
| 18                 | Depreciation of COE Cat 4.13            | COE Cat 4.13 x COE Deprec Rate              | 744.11                 | 0.0726     | 54.01              |
| 19                 | Corporate Oper. Exp. Assigned to Loop   | (Fact C + Fact D) * Corp. Oper. Exp.        | 183.01                 | 0.5872     | 107.46             |
| 20                 | Operating Taxes Assigned to Loop        | (Factor C + Factor D) x Oper. Taxes         | 59.50                  | 0.6242     | 37.14              |
| 21                 | Benefits in Oper. Exp. Assigned to Loop | (Fact C + Factor D) x (Benefits - Corp Ops) | 247.70                 | 0.2021     | 50.07              |
| 22                 | Rents in Oper. Exp Assigned to Loop     | (Fact C + Factor D) x (Rents - Corp Ops)    | 247.70                 | 0.0429     | 10.63              |
| 23                 | Return on C&WF Cat 1                    | .1125 x Net CWF Cat 1                       | 1070.50                | 0.1125     | 120.43             |
| 24                 | Return on COE Cat 4.13                  | .1125 x Net COE Cat 4.13                    | 122.05                 | 0.1125     | 13.73              |
| 25                 | Total Loop Cost                         | Sum 13 Thru 24                              | 5769.49                | 0.1150     | 663.71             |

### **3. Cost per Loop Formula for 2015**

This study develops a formula simulating the cost per loop data of sample companies, which is used to compute loop costs as the basis of expense adjustments for all average schedule companies. The underlying basis of the formula is the comparison of cost per loop data obtained from average schedule sample companies to their ratios of loops per exchange. Based on the relationship of these variables, a statistical model is developed and is used to compute HCL cost per loop for each member of the total population of average schedule companies.

NECA used cost per loop data of sample average schedule study areas to derive a statistical regression model. This model form was first presented in the 2002 NECA Modification of Average Schedule Universal Service Formulas, filed on October 1, 2001, and approved by the Commission in its July 30, 2002 Order.<sup>12</sup> The model relating cost per loop to loops per exchange in this year's study produces statistically significant coefficients. NECA proposes use of this model in 2015.

In Appendix B of this filing NECA presents HCL cost per loop data for sample average schedule study areas. This section explains the use of that data to develop a statistical model for calculating CPL values for each study area in the average schedule population.

---

<sup>12</sup> See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *National Exchange Carrier Association, Inc. Proposed 2002 Modification of Average Schedule Formulas*, Order, 17 FCC Rcd. 14236 (2002).

This model uses the outlier accommodation method for regression, first introduced in NECA's December 31, 1998 average schedule filing<sup>13</sup> and approved by the Commission.<sup>14</sup> The threshold used in this calculation was equal to three standard deviations of the residuals. The outlier accommodation method uses weighted linear regression, with regression weights defined in two steps. First residuals and DFFITS values for each observation are determined by an unweighted linear regression. Then regression weights are calculated using these values.

If  $\text{Abs}(\text{residual}) \leq \text{threshold}$ , then regression weight<sub>i</sub> = 1

$$\text{Else regression weight}_i = \left( \frac{C/2}{DFFITS_i} \right)^2, \text{ where } C = 2\sqrt{\frac{P+1}{N-P-1}}$$

P = number of model coefficients, N = number of observations

The model relates the CPL variable (the dependent variable) to the loops per exchange variable using constrained linear regression. The model reflects the CPL trend of sample companies, which show relatively higher costs associated with lower values of loops per exchange. This trend decreases at one rate for the smallest study areas, then decreases at slower rates for the group of midsize average schedule study areas, and finally levels off for the larger study areas.

The model consists of a set of connected lines, each corresponding to a designated range of loops per exchange. In this year's study the best fitting model supported three distinct

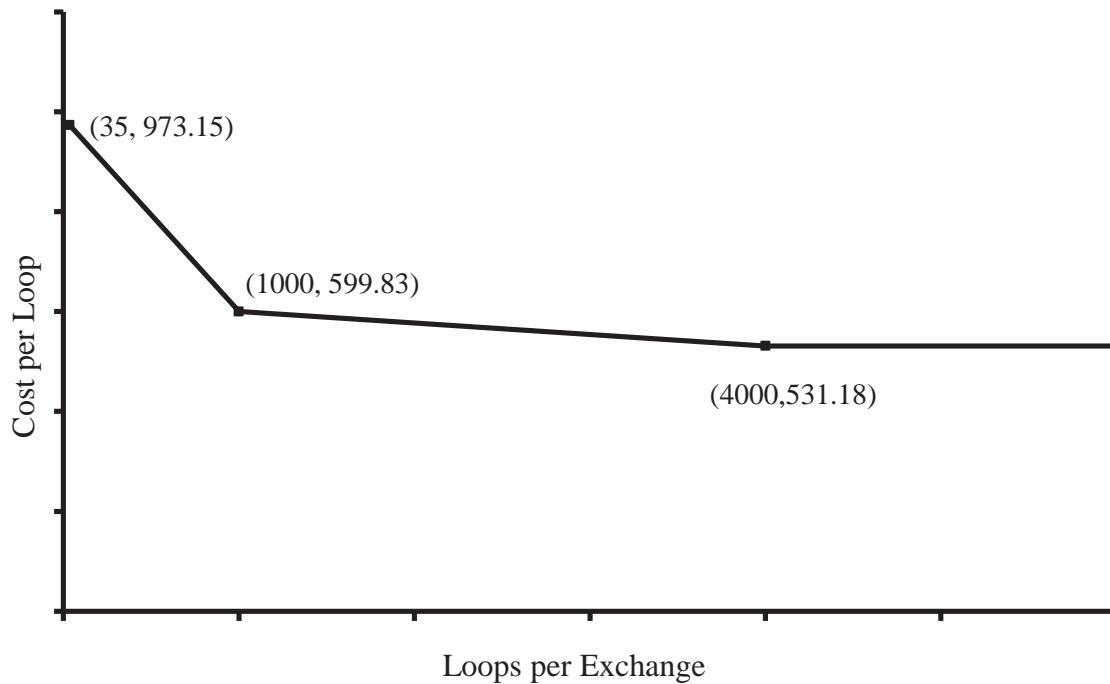
---

<sup>13</sup> See 1999 NECA Modifications of Average Schedules, National Exchange Carrier Association, Inc. (filed Dec. 31, 1998).

<sup>14</sup> See National Exchange Carrier Association, Inc., Proposed Modifications to the 1999-2000 Interstate Average Schedule Formulas, ASD 99-18, Order, 14 FCC Rcd 9803 (1999).

ranges of loops per exchange values delimited by two breakpoints. This is different from the current formula which consists of four connected line segments delimited with three breakpoints. NECA selected the formula breakpoints to assure support amounts would be accurately distributed across study areas in all size ranges. NECA tested sets of breakpoints and regression coefficients iteratively to determine the combination with the best fit to the data, resulting in breakpoints of 1,000 and 4,000 loops per exchange.

**Exhibit 6**  
**Cost Per Loop Model**



To fit the Cost per Loop formula to sample company data, NECA first calculated the overall average CPL of study areas with more than 50,000 USF Loops, or with loops per exchange exceeding 4000, using the standard weighted ratio estimation method. This method produced a formula Cost per Loop for this group of study areas of \$531.18. This CPL is a good statistical representation of the data for these study areas, which show a consistently flat trend as relates to loops per exchange.

$$Cost\ Per\ Loop(a_3) = \frac{\sum_{ECs > (4000\ LPE\ or\ 50000\ Loops)} SampleWeight_i \cdot OutlierWeight_i \cdot Cost\ Per\ Loop_i \cdot Loops_i}{\sum_{ECs > (4000\ LPE\ or\ 50000\ Loops)} SampleWeight_i \cdot OutlierWeight_i \cdot Loops_i}$$

Next, NECA used linear regression to solve for other parameters of the model. The regression model is a sequence of three connected straight lines specified as follows (CPL designates the study area's cost per loop; LPE designates each study area's loops per exchange, and BP designates breakpoint).

$$CPL_i = [a_1 + b_1 LPE_i] \delta_{1i} + [a_2 + b_2 LPE_i] \delta_{2i} + a_3 \delta_{3i}$$

where:  $\delta_{1i} = 1$ , if ( $LPE_i \leq BP_1$ , and loops  $< 50,000$ ), and  $\delta_{1i} = 0$  otherwise.

$\delta_{2i} = 1$ , if ( $BP_1 < LPE_i \leq BP_2$ , and loops  $< 50,000$ ), and  $\delta_{2i} = 0$  otherwise.

$\delta_{3i} = 1$ , if ( $LPE_i > BP_2$ , or loops  $\geq 50,000$ ) and  $\delta_{3i} = 0$  otherwise.

The model is constrained at the breakpoints,  $BP_1$  and  $BP_2$ , to insure connectivity of the line segments, as follows:

$$a_1 + b_1 \cdot BP_1 = a_2 + b_2 \cdot BP_1$$

$$a_2 + b_2 \cdot BP_2 = a_3 = \$531.18.$$

The resulting coefficients are calculated using standard linear regression methods, including outlier weighting as described earlier in this section. This model fits the CPL data most accurately, and reflects relationships between loop cost and loops per exchange.

The proposed Cost per Loop formula is shown in Exhibit 1. Using the proposed formula and loops per exchange data, as described in Section C of this filing, NECA determined proposed CPL values for each average schedule study area. The proposed CPL values are higher than the current formula CPL values for most study areas currently receiving payments.

#### **E. HCL Payments for the Population of Average Schedule Companies**

In 2015, actual HCL payments will be determined using each company's proposed CPL value, the expense adjustment algorithm, and the NACPL value adjusted according to the Commission's rules to cap the total fund size. Following is a discussion of the effects of these calculations.

According to the Commission's rule 36.631 NECA calculates expense adjustments two ways, first using the uncapped NACPL of \$240.00, and second using the "capped" NACPL estimated to be \$632.91 at the time of this filing.<sup>15</sup>

Although average schedule companies would receive \$199.9 million using the proposed formula with the uncapped NACPL payment calculation, the capping of the fund is expected to limit this payment to \$10.3 million. Furthermore, while the cost per loop for most average schedule companies will increase pursuant to the proposed formula, 143 study areas are expected to realize payment reductions, mostly due to the projected increase in the capped NACPL. Average schedule companies that are expected to receive payments in 2015 are those with loops per exchange less than 662, based on NECA's current view of the capped NACPL for 2015. Because this view does not reflect quarterly updates to cost data submissions to be filed with the FCC after October 1 of this year, further increases of the capped NACPL can be expected, which will produce even lower payments for average schedule companies.

#### **F. Effects of Changes on Average Schedule Companies**

This section provides a summary comparison of proposed payments of \$10.3 million and current payments of \$11.2 million, categorized by line size group and by percent change group.

Exhibit 7 summarizes changes in monthly payments by study area size.

---

<sup>15</sup> This is NECA's initial estimate of the capped NACPL for 2015, based on data reported to date.

## Exhibit 7

### Proposed Monthly HCL Payment Changes By Loop Size

| Access Line Size Group | Count of Study Areas | 2014 USF Payments (current) | 2015 Proposed Payment (Fund Cap Applied) | Monthly Change per Loop | Percent Difference |
|------------------------|----------------------|-----------------------------|--|-------------------------|--------------------|
| 0 to 500               | 83                   | \$189,050                   | \$168,059                                | -\$0.93                 | -11.10             |
| 500 to 1000            | 75                   | \$164,821                   | \$148,722                                | -\$0.30                 | -9.77              |
| 1000 to 2500           | 92                   | \$329,583                   | \$308,171                                | -\$0.16                 | -6.50              |
| 2500 to 5000           | 33                   | \$152,574                   | \$144,122                                | -\$0.07                 | -5.54              |
| 5000 to 10000          | 22                   | \$97,398                    | \$92,876                                 | -\$0.03                 | -4.64              |
| 10000 to 20000         | 9                    | \$0                         | \$0                                      | \$0.00                  | 0.00               |
| Over 20000             | 5                    | \$0                         | \$0                                      | \$0.00                  | 0.00               |

Exhibit 8 summarizes the monthly changes in expense adjustments by percent change bands.

## Exhibit 8

### Proposed Monthly HCL Payment Changes By Per Cent Change Bands

| Percent Change Group | Count of Study Areas | 2014 USF Payments (current) | 2015 Proposed Payment (Fund Cap Applied) | Monthly Change per Loop |
|----------------------|----------------------|-----------------------------|--|-------------------------|
| -100% to -90%        | 28                   | \$24,339                    | \$0                                      | -\$0.53                 |
| -90% to -80%         | 2                    | \$2,982                     | \$364                                    | -\$1.07                 |
| -80% to -70%         | 1                    | \$703                       | \$207                                    | -\$0.76                 |
| -70% to -60%         | 1                    | \$723                       | \$287                                    | -\$0.67                 |
| -60% to -50%         | 1                    | \$884                       | \$441                                    | -\$0.70                 |
| -50% to -40%         | 2                    | \$6,134                     | \$3,171                                  | -\$0.58                 |
| -40% to -30%         | 5                    | \$5,758                     | \$3,883                                  | -\$1.30                 |
| -30% to -20%         | 31                   | \$121,470                   | \$93,729                                 | -\$2.08                 |
| -20% to -10%         | 50                   | \$378,978                   | \$320,272                                | -\$1.52                 |
| -10% to -5%          | 9                    | \$79,509                    | \$74,313                                 | -\$0.46                 |
| -5% to -2%           | 8                    | \$75,522                    | \$72,872                                 | -\$0.22                 |
| -2% to 0%            | 5                    | \$20,995                    | \$20,797                                 | -\$0.06                 |
| 0% to 2%             | 117                  | \$29,527                    | \$29,694                                 | \$0.00                  |
| 2% to 5%             | 6                    | \$20,679                    | \$21,387                                 | \$0.17                  |
| 5% to 10%            | 5                    | \$18,012                    | \$19,426                                 | \$0.37                  |
| 10% to 20%           | 10                   | \$27,944                    | \$32,227                                 | \$0.55                  |
| 20% to 30%           | 7                    | \$22,498                    | \$27,908                                 | \$0.69                  |
| 30% to 40%           | 12                   | \$31,115                    | \$42,423                                 | \$0.84                  |
| 40% to 50%           | 11                   | \$32,243                    | \$46,485                                 | \$0.99                  |
| 50% to 60%           | 6                    | \$28,604                    | \$44,257                                 | \$1.35                  |
| 60% to 70%           | 2                    | \$4,807                     | \$7,807                                  | \$1.59                  |

## **G. Conclusion**

The proposed HCL formula shown in Exhibit 1 herein conforms to FCC USF reporting rules, produces payments consistent with those experienced by similarly situated cost companies as required by the Commission's Part 69 rules, and yields reasonable changes in payments to average schedule companies. The Commission should approve this formula to go into effect on January 1, 2015.

Appendix A  
2014 Average Schedule USF Study  
Study Area Code / Study Area Name

| Obs | Study Area Code | Study Area Name                               |
|-----|-----------------|---|
| 1   | 100005          | COBBOSEECONTEE TEL. CO.                       |
| 2   | 100019          | OXFORD COUNTY TEL. & TELE. CO.                |
| 3   | 100020          | PINE TREE TELEPHONE LLC                       |
| 4   | 100022          | SACO RIVER TELEPHONE LLC                      |
| 5   | 120042          | DIXVILLE TEL. CO.                             |
| 6   | 120043          | DUNBARTON TEL. CO.                            |
| 7   | 140053          | FRANKLIN TEL. CO.-VT                          |
| 8   | 140064          | SHOREHAM TELEPHONE LLC                        |
| 9   | 150076          | CASSADAGA TEL. CORP.                          |
| 10  | 150125          | STATE TEL. CO.                                |
| 11  | 170156          | THE CITIZENS TELEPHONE COMPANY OF KECKSBURG   |
| 12  | 170171          | HICKORY TEL. CO.                              |
| 13  | 170175          | IRONTON TEL. CO.                              |
| 14  | 170191          | THE NORTH-EASTERN PENNSYLVANIA TELEPHONE CO.  |
| 15  | 170195          | ARMSTRONG TEL. CO. NORTH                      |
| 16  | 170196          | PALMERTON TELEPHONE COMPANY                   |
| 17  | 170197          | PENNSYLVANIA TEL. CO.                         |
| 18  | 170200          | PYMATUNING IND. TEL. CO.                      |
| 19  | 170205          | SOUTH CANAAN TEL. CO.                         |
| 20  | 170210          | VENUS TEL. CORP.                              |
| 21  | 170277          | WEST SIDE TEL. CO.-PA                         |
| 22  | 190220          | BURKE'S GARDEN TEL. CO., INC.                 |
| 23  | 190225          | CITIZENS TEL. COOP.-VA                        |
| 24  | 190226          | LUMOS TELEPHONE INC.                          |
| 25  | 190237          | HIGHLAND TEL. COOP.-VA                        |
| 26  | 190238          | MGW TELEPHONE COMPANY, INC.                   |
| 27  | 190239          | NEW HOPE TELEPHONE COOPERATIVE                |
| 28  | 190243          | PEMBROKE TEL. COOP.                           |
| 29  | 190250          | SHENANDOAH TEL. CO.                           |
| 30  | 197251          | SHENANDOAH TELEPHONE COMPANY - NR             |
| 31  | 200258          | WAR TELEPHONE LLC                             |
| 32  | 220324          | VALLEY TELEPHONE CO., LLC                     |
| 33  | 220380          | PROGRESSIVE RURAL TEL. COOP., INC.            |
| 34  | 220389          | TRENTON TEL. CO.                              |
| 35  | 230478          | ELLERBE TEL. CO.                              |
| 36  | 230491          | NORTH STATE TEL. CO.-NC dba NORTH STATE COMM. |
| 37  | 230494          | PINEVILLE TEL. CO.                            |
| 38  | 230496          | RANDOLPH TEL. MEMB. CORP.                     |
| 39  | 230497          | SURRY TELEPHONE MEMBERSHIP CORPORATION        |
| 40  | 230500          | SERVICE TEL. CO.                              |
| 41  | 230501          | SKYLINE TEL. MEMB. CORP.                      |
| 42  | 230503          | SURRY TELEPHONE MEMBERSHIP CORPORATION        |
| 43  | 230505          | TRI-COUNTY TEL. MEMB. CORP.-NC                |
| 44  | 230511          | YADKIN VALLEY TEL. MEMB. CORP.                |
| 45  | 240515          | CHESNEE TEL. CO.                              |
| 46  | 240516          | CHESTER TEL. CO.-SC                           |
| 47  | 240532          | LOCKHART TEL. CO., INC.                       |
| 48  | 240535          | NORWAY TEL. CO., INC.                         |
| 49  | 240541          | RIDGEWAY TEL. CO., INC.                       |

Appendix A  
2014 Average Schedule USF Study  
Study Area Code / Study Area Name

| Obs | Study Area Code | Study Area Name                              |
|-----|-----------------|--|
| 50  | 240546          | SANDHILL TEL. COOP., INC.                    |
| 51  | 250283          | BRINDLEE MOUNTAIN TELEPHONE LLC              |
| 52  | 250285          | CASTLEBERRY TEL. CO., INC.                   |
| 53  | 250311          | OAKMAN TEL. CO., INC.                        |
| 54  | 250312          | OTELCO TELEPHONE LLC                         |
| 55  | 260398          | BRANDENBURG TEL. CO., INC.                   |
| 56  | 260408          | GEARHEART COMM. DBA COALFIELDS TEL. CO.      |
| 57  | 260412          | LEWISPORT TEL. CO., INC.                     |
| 58  | 260419          | THACKER/GRIGSBY TEL. CO., INC.               |
| 59  | 270428          | DELCAMBRE TEL. CO.                           |
| 60  | 280451          | DECATUR TEL. CO., INC.-MS                    |
| 61  | 280467          | SMITHVILLE TEL. CO.                          |
| 62  | 287449          | MYRTLE TEL. CO., INC.                        |
| 63  | 290553          | BEN LOMAND RURAL TEL. COOP., INC.            |
| 64  | 290554          | BLEDSOE TEL. COOP.                           |
| 65  | 290565          | HIGHLAND TEL. COOP., INC.-TN                 |
| 66  | 290570          | LORETTO TEL. CO., INC.                       |
| 67  | 290598          | WEST KENTUCKY RURAL TELEPHONE COOP. CORP.-TN |
| 68  | 300585          | ARCADIA TEL. CO.                             |
| 69  | 300588          | AYERSVILLE TEL. CO.                          |
| 70  | 300589          | BASCOM MUTUAL TEL. CO.                       |
| 71  | 300591          | BUCKLAND TELEPHONE COMPANY                   |
| 72  | 300609          | DOYLESTOWN TEL. CO.                          |
| 73  | 300614          | FORT JENNINGS TEL. CO.                       |
| 74  | 300619          | GLANDORF TEL. CO., INC.                      |
| 75  | 300625          | KALIDA TEL. CO., INC.                        |
| 76  | 300633          | MIDDLE POINT HOME TEL. CO.                   |
| 77  | 300634          | MINFORD TEL. CO., INC.                       |
| 78  | 300639          | THE NEW KNOXVILLE TEL. CO.                   |
| 79  | 300645          | OAKWOOD TEL. CO.                             |
| 80  | 300650          | THE OTTOVILLE MUTUAL TEL. CO.                |
| 81  | 300651          | PATTERSONVILLE TEL. CO.-OH                   |
| 82  | 300654          | RIDGEVILLE TEL. CO.                          |
| 83  | 300656          | SHERWOOD MUTUAL TEL. ASSOC.                  |
| 84  | 300659          | TELEPHONE SERVICE CO.                        |
| 85  | 300662          | VANLUE TEL. CO.                              |
| 86  | 300663          | VAUGHNSVILLE TEL. CO., INC.                  |
| 87  | 300664          | WABASH MUTUAL TEL. CO.                       |
| 88  | 310675          | BARAGA TELEPHONE COMPANY                     |
| 89  | 310676          | BARRY COUNTY TEL. CO.                        |
| 90  | 310678          | BLANCHARD TELEPHONE CO.                      |
| 91  | 310688          | CLIMAX TEL. CO.                              |
| 92  | 310694          | FARMERS MUT. OF CHAPIN DBA CHAPIN TEL. CO.   |
| 93  | 310703          | KALEVA TEL. CO.                              |
| 94  | 310725          | SAND CREEK TEL. CO.                          |
| 95  | 310735          | WESTPHALIA TEL. CO.                          |
| 96  | 320751          | CITIZENS TEL. CORP.-WARREN                   |
| 97  | 320756          | CRAIGVILLE TEL. CO., INC.                    |
| 98  | 320771          | GEETINGSVILLE TEL. CO., INC.                 |

Appendix A  
2014 Average Schedule USF Study  
Study Area Code / Study Area Name

| Obs | Study Area Code | Study Area Name                    |
|-----|-----------------|------------------------------------|
| 99  | 320778          | HOME TEL. CO., INC.                |
| 100 | 320792          | MULBERRY COOP. TEL. CO., INC.      |
| 101 | 320796          | NEW LISBON TEL. CO., INC.          |
| 102 | 320809          | COMM. CORP. OF SOUTHERN INDIANA    |
| 103 | 320816          | S & W TEL. CO., INC.               |
| 104 | 320826          | SWAYZEE TEL. CO., INC.             |
| 105 | 320827          | SWEETSER RURAL TEL. CO., INC.      |
| 106 | 320837          | WEST POINT TEL. CO., INC.          |
| 107 | 320839          | YEOMAN TEL. CO., INC.              |
| 108 | 330842          | AMERY TELCOM, INC.                 |
| 109 | 330843          | AMHERST TEL. CO.                   |
| 110 | 330846          | BALDWIN TELCOM., INC.              |
| 111 | 330847          | BELMONT TEL. CO.                   |
| 112 | 330848          | BERGEN TEL. CO.                    |
| 113 | 330851          | BONDUEL TEL. CO.                   |
| 114 | 330865          | CLEAR LAKE TEL. CO., INC.-WI       |
| 115 | 330868          | COON VALLEY FARMERS TEL. CO., INC. |
| 116 | 330872          | CUBA CITY TEL. EXCH. CO.           |
| 117 | 330875          | DICKEYVILLE TEL. CO.               |
| 118 | 330879          | FARMERS IND. TEL. CO.-WI           |
| 119 | 330880          | FARMERS TEL. CO.-WI                |
| 120 | 330889          | HAGER TELECOM, INC.                |
| 121 | 330896          | LAKEFIELD TEL. CO.                 |
| 122 | 330905          | MANAWA TEL. CO.                    |
| 123 | 330914          | EASTCOAST TELECOM, INC.            |
| 124 | 330925          | BAYLAND TELEPHONE, LLC             |
| 125 | 330938          | NORTHEAST TEL. CO.                 |
| 126 | 330946          | SHARON TEL. CO.                    |
| 127 | 330951          | SOMERSET TEL. CO., INC.            |
| 128 | 340983          | CAMBRIDGE TEL. CO.-IL              |
| 129 | 340990          | CLARKSVILLE MUTUAL TEL. CO.        |
| 130 | 340993          | CROSSVILLE TEL. CO.                |
| 131 | 341016          | GENESEO TEL. CO.                   |
| 132 | 341017          | GLASFORD TEL. CO.                  |
| 133 | 341021          | THE GRANDVIEW MUTUAL TEL. CO.      |
| 134 | 341024          | HAMILTON COUNTY TELEPHONE CO-OP    |
| 135 | 341029          | HENRY COUNTY TEL. CO.              |
| 136 | 341041          | KINSMAN MUTUAL TEL. CO.            |
| 137 | 341046          | LEONORE MUTUAL TEL. CO.            |
| 138 | 341050          | MARSEILLES TEL. CO. OF MARS.       |
| 139 | 341053          | METAMORA TEL. CO.                  |
| 140 | 341062          | NEW WINDSOR TEL. CO.               |
| 141 | 341075          | REYNOLDS TEL. CO.                  |
| 142 | 341086          | TONICA TEL. CO.                    |
| 143 | 341087          | VIOLA HOME TEL. CO.                |
| 144 | 341092          | STELLE TEL. CO.                    |
| 145 | 351097          | ANDREW TEL. CO., INC.              |
| 146 | 351098          | ARCADIA TEL. COOP.                 |
| 147 | 351101          | ATKINS TEL. CO.                    |

Appendix A  
2014 Average Schedule USF Study  
Study Area Code / Study Area Name

| Obs | Study Area Code | Study Area Name                               |
|-----|-----------------|---|
| 148 | 351107          | BALDWIN-NASHVILLE TEL. CO., INC.              |
| 149 | 351108          | BARNES CITY COOP. TEL. CO.                    |
| 150 | 351112          | BREDA TEL. CORPORATION                        |
| 151 | 351113          | BROOKLYN MUTUAL TEL. CO.                      |
| 152 | 351114          | TITONKA TEL. CO. DBA TITONKA-BURT COMM (BURT) |
| 153 | 351115          | BUTLER-BREMER MUT. TEL. CO.                   |
| 154 | 351118          | CASCADE COMMUNICATIONS COMPANY                |
| 155 | 351119          | CASEY MUTUAL TEL. CO.                         |
| 156 | 351121          | CENTER JUNCTION TEL. CO., INC.                |
| 157 | 351125          | CENTRAL SCOTT TEL.                            |
| 158 | 351133          | C-M-L TEL. COOP. ASSN.                        |
| 159 | 351136          | COON CREEK TEL. CO.                           |
| 160 | 351137          | COON VALLEY COOP. TEL. ASSN., INC.            |
| 161 | 351139          | COOP. TEL. CO.                                |
| 162 | 351141          | CORN BELT TEL. CO.                            |
| 163 | 351146          | CUMBERLAND TEL. CO.                           |
| 164 | 351147          | DANVILLE MUT. TEL. CO.                        |
| 165 | 351149          | FARMERS MUTUAL COOPERATIVE TEL CO (DEFIANCE)  |
| 166 | 351150          | DIXON TEL. CO.                                |
| 167 | 351153          | DUNKERTON TEL. COOP., INC.                    |
| 168 | 351157          | ELLSWORTH COOP. TEL. ASSN.                    |
| 169 | 351162          | FARMERS COOP. TEL. CO.-DYSART                 |
| 170 | 351166          | FARMERS & MERCHANTS MUTUAL TEL. CO.           |
| 171 | 351168          | FARMERS MUTUAL COOP TEL CO- HARLAN            |
| 172 | 351171          | FARMERS MUTUAL TEL. CO.-JESUP                 |
| 173 | 351173          | FARMERS MUTUAL TEL. COOP.-SHELLSBURG          |
| 174 | 351175          | FARMERS TEL. CO.-BATAVIA                      |
| 175 | 351176          | FARMERS TEL. CO.-ESSEX                        |
| 176 | 351179          | FENTON COOP. TEL. CO.                         |
| 177 | 351188          | GOLDFIELD TEL. CO.                            |
| 178 | 351189          | RIVER VALLEY TELECOMMUNICATIONS COOP.         |
| 179 | 351191          | GRAND MOUND COOP. TEL. ASSN.                  |
| 180 | 351199          | HAWKEYE TEL. CO.                              |
| 181 | 351202          | HOSPERS TEL. EXCHANGE, INC.                   |
| 182 | 351203          | HUBBARD COOP. TEL. ASSN.                      |
| 183 | 351205          | HUXLEY COMMUNICATIONS COOPERATIVE             |
| 184 | 351212          | JEFFERSON TEL. CO.-IA                         |
| 185 | 351213          | JORDAN SOLDIER VALLEY TELEPHONE COMPANY       |
| 186 | 351217          | KEYSTONE FRMS. COOP. TEL. CO.                 |
| 187 | 351222          | LA MOTTE TEL. CO.                             |
| 188 | 351228          | LONE ROCK COOP. TEL. CO.                      |
| 189 | 351230          | NORTHEAST IOWA TEL. CO.                       |
| 190 | 351232          | LYNNVILLE TELEPHONE COMPANY                   |
| 191 | 351235          | FARMERS MUTUAL COOPERATIVE TEL CO (MANILLA)   |
| 192 | 351238          | MARTELLE COOP. TEL. ASSN.                     |
| 193 | 351239          | MASSENA TEL. CO.                              |
| 194 | 351241          | MECHANICSVILLE TEL. CO.                       |
| 195 | 351242          | MILES COOP. TEL. ASSN.                        |
| 196 | 351246          | MINERVA VALLEY TEL. CO., INC.                 |

Appendix A  
2014 Average Schedule USF Study  
Study Area Code / Study Area Name

| Obs | Study Area Code | Study Area Name                           |
|-----|-----------------|---|
| 197 | 351247          | MODERN COOP. TEL. CO.                     |
| 198 | 351250          | MUTUAL TEL. CO. OF MORNING SUN            |
| 199 | 351257          | NORTH ENGLISH COOP. TEL. CO.              |
| 200 | 351259          | NORTHERN IOWA TEL. CO.                    |
| 201 | 351260          | NORTHWEST IOWA TELEPHONE, LLC             |
| 202 | 351261          | NORTHWEST TEL. COOP.                      |
| 203 | 351264          | OLIN TEL. CO., INC.                       |
| 204 | 351265          | ONSLOW COOP. TEL. ASSN.                   |
| 205 | 351266          | ORAN MUTUAL TEL. CO.                      |
| 206 | 351269          | PALO COOPERATIVE TELEPHONE ASSOCIATION    |
| 207 | 351270          | PALMER MUTUAL TEL. CO.                    |
| 208 | 351273          | PEOPLES TEL. CO.-IA                       |
| 209 | 351275          | PRAIRIEBURG TEL. CO., INC.                |
| 210 | 351276          | PRESTON TEL. CO.                          |
| 211 | 351278          | READLYN TEL. CO.                          |
| 212 | 351280          | RINGSTED TEL. CO.                         |
| 213 | 351282          | ROCKWELL COOP. TEL. ASSN.                 |
| 214 | 351283          | ROYAL TEL. CO.                            |
| 215 | 351285          | SAC COUNTY MUTUAL TEL. CO.                |
| 216 | 351291          | SCHALLER TEL. CO.                         |
| 217 | 351292          | SEARSBORO TEL. CO.                        |
| 218 | 351293          | SHARON TEL. CO.                           |
| 219 | 351301          | SOUTHWEST TEL. EXCH., INC.                |
| 220 | 351302          | SPRINGVILLE COOP. TEL. ASSN.              |
| 221 | 351306          | SULLY TEL. ASSOC.                         |
| 222 | 351307          | SUPERIOR TEL. COOP.                       |
| 223 | 351308          | TEMPLETON TEL. CO.                        |
| 224 | 351309          | TERRIL TELEPHONE COOPERATIVE              |
| 225 | 351310          | TITONKA TEL. CO. DBA TITONKA-BURT COMM    |
| 226 | 351319          | VAN BUREN TEL. CO., INC.                  |
| 227 | 351320          | VAN HORNE COOP. TEL. CO.                  |
| 228 | 351322          | VENTURA TEL. CO., INC.                    |
| 229 | 351331          | WEST IOWA TEL. CO.                        |
| 230 | 351334          | WESTERN IOWA TEL. ASSN.                   |
| 231 | 351335          | WESTSIDE INDP. TEL. CO.                   |
| 232 | 351336          | WILTON TEL. CO.                           |
| 233 | 351342          | WOOLSTOCK MUT. TEL. ASSN.                 |
| 234 | 351343          | WYOMING MUTUAL TEL. CO.                   |
| 235 | 351344          | PRAIRIE TEL. CO., INC.                    |
| 236 | 351424          | MABEL COOP. TEL. CO.-IA                   |
| 237 | 361348          | WILDERNESS VALLEY TELEPHONE COMPANY, INC. |
| 238 | 361353          | CITY OF BARNESVILLE TEL. CO.              |
| 239 | 361356          | BENTON COOP. TEL. CO.                     |
| 240 | 361365          | CALLAWAY TEL. CO.                         |
| 241 | 361372          | CLEMENTS TEL. CO.                         |
| 242 | 361375          | MID-COMMUNICATIONS, INC. dba ENVENTIS     |
| 243 | 361381          | DUNNELL TEL. CO., INC.                    |
| 244 | 361390          | FEDERATED TEL. COOP.                      |
| 245 | 361396          | GARDONVILLE COOP. TEL. ASSN.              |

Appendix A  
2014 Average Schedule USF Study  
Study Area Code / Study Area Name

| Obs | Study Area Code | Study Area Name                               |
|-----|-----------------|---|
| 246 | 361401          | HALSTAD TEL. CO.                              |
| 247 | 361403          | FEDERATED TELEPHONE COOPERATIVE               |
| 248 | 361404          | HARMONY TEL. CO.                              |
| 249 | 361408          | HOME TEL. CO.-MN                              |
| 250 | 361409          | HUTCHINSON TELEPHONE COMPANY                  |
| 251 | 361413          | MID STATE TEL. CO. DBA KMP TEL. CO.           |
| 252 | 361423          | RUNESTONE TELEPHONE ASSOCIATION               |
| 253 | 361424          | MABEL COOPERATIVE TELEPHONE CO.- MN           |
| 254 | 361427          | MANKATO CITIZENS TELEPHONE CO dba ENVENTIS    |
| 255 | 361430          | MELROSE TELEPHONE COMPANY                     |
| 256 | 361431          | MIDWEST TEL. CO.                              |
| 257 | 361439          | MINNESOTA VALLEY TEL. CO. INC.                |
| 258 | 361440          | CANNON VALLEY TELECOM, INC.                   |
| 259 | 361443          | LORETEL SYSTEMS, INC.                         |
| 260 | 361450          | PARK REGION MUTUAL TEL. CO.                   |
| 261 | 361472          | REDWOOD COUNTY TEL. CO.                       |
| 262 | 361474          | ROTHSAY TELEPHONE COMPANY INC.                |
| 263 | 361475          | RUNESTONE TEL. ASSN.                          |
| 264 | 361476          | SACRED HEART TEL. CO.                         |
| 265 | 361479          | SCOTT RICE TEL. CO. dba INTEGRA TELECOM       |
| 266 | 361487          | STARBUCK TEL. CO.                             |
| 267 | 361495          | VALLEY TEL. CO.-MN                            |
| 268 | 361499          | CROSSLAKE TELEPHONE COMPANY                   |
| 269 | 361500          | NORTHERN TELEPHONE COMPANY OF MN              |
| 270 | 361502          | WESTERN TELEPHONE COMPANY                     |
| 271 | 361505          | WIKSTROM TELEPHONE COMPANY INC.               |
| 272 | 361508          | WINTHROP TEL. CO.                             |
| 273 | 361512          | WOLVERTON TELEPHONE COMPANY                   |
| 274 | 361515          | ZUMBROTA TELEPHONE COMPANY                    |
| 275 | 361654          | INTERSTATE TELECOMMUNICATIONS COOP., INC.-MN  |
| 276 | 371530          | CONSOLIDATED TELCO, INC.                      |
| 277 | 371555          | HAMILTON TELEPHONE COMPANY                    |
| 278 | 371563          | HOOPER TELEPHONE COMPANY                      |
| 279 | 371581          | PIERCE TELEPHONE COMPANY                      |
| 280 | 371590          | SODTOWN TEL. CO.                              |
| 281 | 381509          | WOLVERTON TEL. CO.                            |
| 282 | 381601          | ABSARAKA COOP TELEPHONE CO.                   |
| 283 | 381614          | POLAR COMMUNICATIONS MUTUAL AID CORP (A)      |
| 284 | 381615          | GRIGGS COUNTY TELEPHONE COMPANY               |
| 285 | 381622          | GRIGGS COUNTY TEL. CO. (MOORE&LIBERTY)        |
| 286 | 381625          | NORTHWEST COMMUNICATIONS COOPERATIVE          |
| 287 | 381638          | MIDSTATE COMMUNICATIONS INC.                  |
| 288 | 391640          | GOLDEN WEST TELECOM COOP (ARMOUR)             |
| 289 | 391649          | BERESFORD MUNICIPAL TEL. CO.                  |
| 290 | 391650          | CITY OF BROOKINGS MUNICIPAL TEL. DEPT.        |
| 291 | 391653          | CITY OF FAITH MUNICIPAL TEL CO                |
| 292 | 391660          | FORT RANDALL TEL. CO. DBA MT. RUSHMORE TEL CO |
| 293 | 391664          | JAMES VALLEY COOPERATIVE TELEPHONE COMPANY    |
| 294 | 391671          | WEST RIVER TELECOMMUNICATIONS COOP.(MOBRIDGE) |

**Appendix A**  
**2014 Average Schedule USF Study**  
**Study Area Code / Study Area Name**

| Obs | Study Area Code | Study Area Name                           |
|-----|-----------------|---|
| 295 | 391677          | GOLDEN WEST TELECOM COOP (SIOUX VALLEY)   |
| 296 | 391682          | TRIOTEL COMMUNICATIONS, INC. (TRI-COUNTY) |
| 297 | 401710          | MAGAZINE TELEPHONE COMPANY                |
| 298 | 401712          | MOUNTAIN VIEW TELEPHONE COMPANY           |
| 299 | 401722          | E. RITTER TELEPHONE COMPANY               |
| 300 | 421893          | CHOCTAW TELEPHONE COMPANY                 |
| 301 | 421900          | KLM TEL. CO.                              |
| 302 | 421932          | LATHROP TELEPHONE COMPANY                 |
| 303 | 421936          | PEACE VALLEY TELEPHONE CO.                |
| 304 | 421942          | ROCK PORT TEL. CO.                        |
| 305 | 431968          | BEGGS TELEPHONE COMPANY                   |
| 306 | 442043          | NORTH TEXAS TELEPHONE COMPANY             |
| 307 | 442107          | LIVINGSTON TELEPHONE COMPANY              |
| 308 | 462198          | PINE DRIVE TEL. CO.                       |
| 309 | 462206          | STONEHAM COOPERATIVE TEL. CO.             |
| 310 | 462210          | WILLARD TEL. CO.                          |
| 311 | 472227          | MUD LAKE TELEPHONE COOPERATIVE ASSN. INC. |
| 312 | 482252          | RONAN TEL. CO.                            |
| 313 | 502279          | GUNNISON TEL. CO.                         |
| 314 | 502282          | MANTI TELEPHONE COMPANY                   |
| 315 | 502283          | SKYLINE TELECOM                           |
| 316 | 532386          | MT. ANGEL TELEPHONE COMPANY               |
| 317 | 532396          | ST. PAUL COOP. TEL. ASSN.                 |
| 318 | 613005          | CIRCLE TELEPHONE & ELECTRIC, LLC          |
| 319 | 613026          | NORTH COUNTRY TELEPHONE COMPANY           |

**Appendix B**  
**2014 Average Schedule USF Study**  
**Sample Average Schedule Study Areas**  
**Underlying Data - Cost per Loop Calculation**

| Study Area Code | Actual USF Loop Count | Exchange Count | Sample Weight | Actual Cost per Loop |
|-----------------|-----------------------|----------------|---------------|----------------------|
| 100020          | 3382                  | 3              | 1.0000        | 430.00               |
| 100022          | 4384                  | 3              | 1.0000        | 382.06               |
| 150076          | 846                   | 1              | 4.0890        | 290.14               |
| 150125          | 5433                  | 2              | 1.0000        | 496.51               |
| 170191          | 8655                  | 8              | 1.0000        | 428.97               |
| 170196          | 5650                  | 4              | 1.0000        | 500.87               |
| 170200          | 1407                  | 1              | 2.6099        | 564.57               |
| 190220          | 151                   | 1              | 2.0000        | 298.07               |
| 190225          | 6633                  | 5              | 1.5000        | 826.33               |
| 190238          | 1473                  | 5              | 1.0000        | 896.31               |
| 190243          | 2389                  | 2              | 2.5000        | 468.67               |
| 190250          | 20886                 | 9              | 1.0000        | 476.40               |
| 190253          | 1752                  | 1              | 1.0000        | 614.87               |
| 220380          | 4235                  | 6              | 2.5000        | 710.62               |
| 220389          | 3918                  | 3              | 1.5000        | 821.48               |
| 230491          | 63669                 | 3              | 1.0000        | 641.58               |
| 230494          | 1294                  | 1              | 2.6499        | 420.90               |
| 230503          | 11368                 | 6              | 1.0000        | 616.48               |
| 230511          | 20199                 | 10             | 1.0000        | 652.30               |
| 240515          | 3504                  | 1              | 1.0000        | 724.34               |
| 240516          | 11479                 | 3              | 1.0000        | 496.61               |
| 240535          | 535                   | 1              | 4.8084        | 743.08               |
| 240536          | 10351                 | 6              | 1.0000        | 794.50               |
| 240541          | 1664                  | 1              | 2.5000        | 543.83               |
| 240546          | 12927                 | 7              | 1.0000        | 489.28               |
| 250283          | 7969                  | 3              | 1.0000        | 425.27               |
| 250285          | 683                   | 1              | 1.5000        | 1224.89              |
| 250311          | 1642                  | 4              | 1.0000        | 860.90               |
| 250312          | 5466                  | 1              | 1.0000        | 362.18               |
| 260398          | 16882                 | 8              | 1.0000        | 386.29               |
| 260408          | 5633                  | 3              | 1.0000        | 552.97               |
| 260419          | 6294                  | 6              | 1.0000        | 693.90               |
| 290553          | 27522                 | 17             | 1.0000        | 736.85               |
| 290554          | 9881                  | 5              | 1.0000        | 757.47               |
| 290565          | 17929                 | 10             | 1.0000        | 821.79               |
| 290570          | 4357                  | 5              | 1.0000        | 682.46               |
| 290598          | 1076                  | 4              | 1.0000        | 729.19               |
| 300586          | 948                   | 1              | 4.7341        | 803.24               |
| 300588          | 805                   | 1              | 1.0000        | 674.45               |
| 300589          | 580                   | 1              | 1.5000        | 1017.22              |
| 300634          | 2580                  | 1              | 2.5000        | 675.23               |
| 300639          | 964                   | 1              | 1.5000        | 584.54               |
| 300645          | 929                   | 1              | 1.5000        | 518.58               |
| 300650          | 1244                  | 2              | 4.4885        | 1020.08              |
| 300651          | 277                   | 1              | 1.5000        | 714.15               |
| 300654          | 623                   | 1              | 5.6802        | 924.95               |

**Appendix B**  
**2014 Average Schedule USF Study**  
**Sample Average Schedule Study Areas**  
**Underlying Data - Cost per Loop Calculation**

| Study Area Code | Actual USF Loop Count | Exchange Count | Sample Weight | Actual Cost per Loop |
|-----------------|-----------------------|----------------|---------------|----------------------|
| 300659          | 6043                  | 2              | 1.0000        | 530.62               |
| 300662          | 557                   | 1              | 4.5628        | 761.16               |
| 310688          | 991                   | 1              | 1.0000        | 355.51               |
| 310725          | 856                   | 1              | 3.8796        | 823.81               |
| 310735          | 790                   | 1              | 1.0000        | 733.07               |
| 320744          | 1241                  | 3              | 1.0000        | 780.12               |
| 320792          | 2035                  | 1              | 1.0000        | 876.76               |
| 320796          | 477                   | 1              | 3.7301        | 1050.82              |
| 320809          | 1301                  | 3              | 1.5000        | 539.41               |
| 320827          | 1054                  | 1              | 3.3749        | 573.70               |
| 320829          | 2683                  | 1              | 1.0000        | 632.88               |
| 320830          | 2492                  | 4              | 1.0000        | 736.30               |
| 320839          | 651                   | 1              | 4.6033        | 945.94               |
| 330842          | 4711                  | 3              | 1.0000        | 364.42               |
| 330843          | 4247                  | 3              | 2.5000        | 757.19               |
| 330846          | 3344                  | 2              | 2.5000        | 823.19               |
| 330847          | 615                   | 1              | 4.3226        | 617.58               |
| 330851          | 1386                  | 1              | 2.5419        | 701.23               |
| 330872          | 1196                  | 1              | 2.9149        | 408.43               |
| 330881          | 23606                 | 2              | 1.0000        | 514.33               |
| 330896          | 1297                  | 2              | 3.1084        | 607.10               |
| 330905          | 2013                  | 2              | 2.5000        | 723.16               |
| 330914          | 4007                  | 5              | 2.5000        | 626.68               |
| 330915          | 3253                  | 1              | 2.5000        | 809.50               |
| 330930          | 2925                  | 5              | 2.5000        | 641.51               |
| 330938          | 4718                  | 4              | 1.0000        | 575.62               |
| 330943          | 2364                  | 2              | 2.5000        | 769.68               |
| 330945          | 1916                  | 2              | 2.5000        | 628.88               |
| 330946          | 743                   | 2              | 1.0000        | 775.14               |
| 330955          | 6470                  | 1              | 1.0000        | 523.35               |
| 340976          | 3116                  | 13             | 1.0000        | 1298.46              |
| 340983          | 1221                  | 2              | 3.4625        | 462.42               |
| 341024          | 1637                  | 7              | 1.0000        | 947.78               |
| 341050          | 2069                  | 1              | 1.0000        | 590.37               |
| 341062          | 454                   | 1              | 2.5000        | 721.67               |
| 341075          | 389                   | 1              | 2.5000        | 1214.30              |
| 341086          | 346                   | 1              | 2.5114        | 926.94               |
| 350739          | 182                   | 1              | 3.2716        | 1426.74              |
| 351098          | 274                   | 1              | 2.0000        | 668.69               |
| 351101          | 850                   | 1              | 1.0000        | 748.94               |
| 351107          | 260                   | 1              | 2.6716        | 1389.00              |
| 351108          | 103                   | 1              | 1.5000        | 798.05               |
| 351112          | 886                   | 3              | 1.0000        | 1250.61              |
| 351115          | 1905                  | 4              | 1.0000        | 642.99               |
| 351118          | 1464                  | 2              | 1.0000        | 1010.49              |
| 351119          | 285                   | 1              | 1.5000        | 720.94               |

**Appendix B**  
**2014 Average Schedule USF Study**  
**Sample Average Schedule Study Areas**  
**Underlying Data - Cost per Loop Calculation**

| Study Area Code | Actual USF Loop Count | Exchange Count | Sample Weight | Actual Cost per Loop |
|-----------------|-----------------------|----------------|---------------|----------------------|
| 351121          | 103                   | 1              | 2.0000        | 937.29               |
| 351125          | 3760                  | 3              | 1.0000        | 421.66               |
| 351126          | 133                   | 2              | 1.5000        | 548.03               |
| 351133          | 712                   | 4              | 1.0000        | 1130.87              |
| 351137          | 459                   | 2              | 1.0000        | 1060.05              |
| 351139          | 1223                  | 4              | 1.0000        | 694.14               |
| 351152          | 1120                  | 2              | 1.0000        | 889.92               |
| 351157          | 647                   | 2              | 1.0000        | 936.80               |
| 351160          | 770                   | 2              | 1.5000        | 814.01               |
| 351162          | 1053                  | 2              | 1.0000        | 595.98               |
| 351173          | 1812                  | 4              | 1.0000        | 606.24               |
| 351176          | 382                   | 1              | 2.5000        | 1002.13              |
| 351177          | 1281                  | 4              | 1.5000        | 924.33               |
| 351188          | 418                   | 1              | 1.0000        | 593.89               |
| 351191          | 402                   | 1              | 2.5000        | 912.80               |
| 351199          | 384                   | 1              | 1.5000        | 506.70               |
| 351213          | 444                   | 2              | 1.0000        | 1099.67              |
| 351217          | 815                   | 3              | 1.0000        | 1144.03              |
| 351225          | 1465                  | 4              | 1.0000        | 1291.01              |
| 351230          | 1557                  | 3              | 1.0000        | 737.44               |
| 351232          | 482                   | 1              | 1.0000        | 548.08               |
| 351237          | 1165                  | 4              | 1.0000        | 682.37               |
| 351239          | 422                   | 2              | 2.5000        | 793.40               |
| 351246          | 604                   | 2              | 1.0000        | 798.46               |
| 351250          | 462                   | 1              | 1.0000        | 868.05               |
| 351251          | 1615                  | 3              | 3.5618        | 639.13               |
| 351259          | 1747                  | 7              | 1.0000        | 807.63               |
| 351261          | 991                   | 4              | 1.0000        | 759.04               |
| 351265          | 171                   | 1              | 2.9662        | 973.73               |
| 351269          | 430                   | 1              | 2.5000        | 814.43               |
| 351270          | 237                   | 1              | 1.0000        | 1074.89              |
| 351274          | 1161                  | 1              | 1.0000        | 432.25               |
| 351275          | 157                   | 1              | 1.5000        | 1202.75              |
| 351276          | 939                   | 2              | 1.0000        | 899.89               |
| 351282          | 1045                  | 4              | 2.5000        | 667.47               |
| 351283          | 367                   | 1              | 1.0000        | 1031.46              |
| 351285          | 809                   | 2              | 1.0000        | 719.29               |
| 351291          | 1351                  | 4              | 1.0000        | 969.59               |
| 351292          | 186                   | 1              | 1.0000        | 978.01               |
| 351293          | 870                   | 2              | 1.0000        | 822.99               |
| 351294          | 456                   | 1              | 1.0000        | 1164.21              |
| 351301          | 524                   | 3              | 1.0000        | 676.62               |
| 351306          | 1141                  | 1              | 1.0000        | 566.83               |
| 351307          | 159                   | 1              | 2.0000        | 1046.83              |
| 351308          | 360                   | 1              | 2.5465        | 791.97               |
| 351309          | 364                   | 1              | 2.5000        | 1626.42              |

**Appendix B**  
**2014 Average Schedule USF Study**  
**Sample Average Schedule Study Areas**  
**Underlying Data - Cost per Loop Calculation**

| Study Area Code | Actual USF Loop Count | Exchange Count | Sample Weight | Actual Cost per Loop |
|-----------------|-----------------------|----------------|---------------|----------------------|
| 351319          | 2149                  | 6              | 1.0000        | 532.37               |
| 351320          | 454                   | 1              | 1.0000        | 1022.39              |
| 351322          | 411                   | 1              | 1.5000        | 523.67               |
| 351331          | 3899                  | 6              | 1.0000        | 716.93               |
| 351334          | 3040                  | 8              | 1.0000        | 761.32               |
| 351335          | 281                   | 1              | 1.5000        | 746.45               |
| 351336          | 1215                  | 1              | 4.1284        | 484.33               |
| 351343          | 459                   | 1              | 1.0000        | 712.57               |
| 351344          | 660                   | 3              | 1.5000        | 866.03               |
| 351405          | 2003                  | 7              | 1.0000        | 972.58               |
| 351407          | 181                   | 1              | 2.0000        | 659.70               |
| 351424          | 853                   | 3              | 2.5000        | 576.54               |
| 361348          | 69                    | 1              | 2.0000        | 937.92               |
| 361381          | 173                   | 1              | 2.9745        | 928.51               |
| 361390          | 2044                  | 7              | 1.0000        | 1102.57              |
| 361396          | 2628                  | 4              | 2.5000        | 894.37               |
| 361401          | 1774                  | 10             | 1.0000        | 1385.99              |
| 361403          | 778                   | 1              | 6.9837        | 680.15               |
| 361405          | 557                   | 3              | 1.0000        | 1128.87              |
| 361408          | 1451                  | 3              | 1.0000        | 430.96               |
| 361409          | 7499                  | 1              | 1.0000        | 419.91               |
| 361413          | 1485                  | 4              | 1.5000        | 457.42               |
| 361423          | 696                   | 1              | 5.0399        | 834.42               |
| 361439          | 647                   | 3              | 1.0000        | 1019.63              |
| 361440          | 1380                  | 4              | 1.0000        | 668.85               |
| 361443          | 7844                  | 9              | 2.5000        | 437.87               |
| 361472          | 4963                  | 10             | 1.0000        | 416.13               |
| 361475          | 3302                  | 9              | 1.0000        | 712.75               |
| 361476          | 357                   | 1              | 1.5000        | 510.05               |
| 361479          | 9989                  | 3              | 1.0000        | 616.60               |
| 361487          | 1127                  | 1              | 2.5000        | 524.06               |
| 361495          | 606                   | 2              | 1.0000        | 773.53               |
| 361505          | 5219                  | 18             | 1.0000        | 960.00               |
| 361507          | 1115                  | 1              | 2.8482        | 603.03               |
| 361508          | 736                   | 1              | 4.1752        | 582.89               |
| 361654          | 1433                  | 3              | 1.0000        | 525.23               |
| 371530          | 1129                  | 5              | 1.0000        | 1195.80              |
| 371555          | 4777                  | 9              | 1.0000        | 667.39               |
| 371581          | 1413                  | 2              | 1.0000        | 667.84               |
| 381509          | 264                   | 2              | 2.0000        | 1175.53              |
| 381614          | 1824                  | 6              | 1.0000        | 595.77               |
| 381615          | 1602                  | 4              | 1.0000        | 560.71               |
| 381622          | 786                   | 2              | 1.0000        | 681.08               |
| 381625          | 6157                  | 16             | 1.0000        | 898.28               |
| 381638          | 979                   | 3              | 1.0000        | 1077.46              |
| 383303          | 32368                 | 26             | 1.0000        | 878.50               |

**Appendix B**  
**2014 Average Schedule USF Study**  
**Sample Average Schedule Study Areas**  
**Underlying Data - Cost per Loop Calculation**

| Study Area Code | Actual USF Loop Count | Exchange Count | Sample Weight | Actual Cost per Loop |
|-----------------|-----------------------|----------------|---------------|----------------------|
| 391405          | 473                   | 3              | 1.0000        | 891.57               |
| 391640          | 1327                  | 3              | 1.0000        | 588.98               |
| 391650          | 8729                  | 1              | 1.0000        | 570.23               |
| 391669          | 1921                  | 6              | 1.0000        | 970.36               |
| 391677          | 3822                  | 5              | 1.0000        | 776.33               |
| 391682          | 348                   | 2              | 1.0000        | 837.95               |
| 391684          | 1337                  | 2              | 1.0000        | 701.48               |
| 401710          | 782                   | 2              | 2.5000        | 982.46               |
| 401712          | 5735                  | 8              | 1.0000        | 427.26               |
| 401722          | 2777                  | 8              | 1.0000        | 866.46               |
| 421759          | 2084                  | 6              | 1.0000        | 810.12               |
| 421893          | 370                   | 1              | 1.0000        | 1429.48              |
| 421900          | 1138                  | 4              | 1.0000        | 477.98               |
| 421942          | 1397                  | 3              | 1.0000        | 662.85               |
| 442107          | 5640                  | 1              | 1.0000        | 566.09               |
| 502282          | 2546                  | 2              | 2.5000        | 804.97               |
| 502283          | 2074                  | 5              | 1.0000        | 720.67               |
| 522430          | 3498                  | 3              | 2.5000        | 551.77               |
| 613005          | 62                    | 1              | 2.0000        | 638.97               |

**Appendix C**  
**2014 Average Schedule USF Study**  
**Comparison of Current and Proposed Monthly HCL Cost per Loop Model Payments**

| Obs | Study Area<br>Code | Loops  | Exch | Loops per<br>Exch | Current<br>Payments | Proposed<br>Cost per<br>Loop | Monthly<br>Payment<br>(Fund Cap<br>Appl.) | Per Loop<br>Payment<br>Difference | Payment<br>Percent<br>Difference |
|-----|--------------------|--------|------|-------------------|---------------------|------------------------------|---|-----------------------------------|----------------------------------|
| 1   | 100005             | 430    | 1    | 430               | \$1,565             | \$820.34                     | \$2,154                                   | \$1.69                            | 37.64%                           |
| 2   | 100019             | 4,309  | 6    | 718               | \$2,068             | \$708.93                     | \$0                                       | -\$0.45                           | -100.00%                         |
| 3   | 100020             | 3,107  | 3    | 1,036             | \$0                 | \$599.01                     | \$0                                       | \$0.00                            | 0.00%                            |
| 4   | 100022             | 4,063  | 3    | 1,354             | \$0                 | \$591.73                     | \$0                                       | \$0.00                            | 0.00%                            |
| 5   | 120042             | 27     | 1    | 27                | \$539               | \$976.25                     | \$369                                     | -\$4.92                           | -31.54%                          |
| 6   | 120043             | 1,464  | 1    | 1,464             | \$0                 | \$589.21                     | \$0                                       | \$0.00                            | 0.00%                            |
| 7   | 140053             | 827    | 1    | 827               | \$11                | \$666.76                     | \$0                                       | -\$0.01                           | -100.00%                         |
| 8   | 140064             | 3,182  | 6    | 530               | \$6,838             | \$781.66                     | \$9,275                                   | \$0.81                            | 35.64%                           |
| 9   | 150076             | 870    | 1    | 870               | \$0                 | \$650.12                     | \$0                                       | \$0.00                            | 0.00%                            |
| 10  | 150125             | 5,389  | 2    | 2,695             | \$0                 | \$561.04                     | \$0                                       | \$0.00                            | 0.00%                            |
| 11  | 170156             | 3,502  | 1    | 3,502             | \$0                 | \$542.57                     | \$0                                       | \$0.00                            | 0.00%                            |
| 12  | 170171             | 1,074  | 1    | 1,074             | \$0                 | \$598.14                     | \$0                                       | \$0.00                            | 0.00%                            |
| 13  | 170175             | 3,332  | 1    | 3,332             | \$0                 | \$546.46                     | \$0                                       | \$0.00                            | 0.00%                            |
| 14  | 170191             | 9,358  | 8    | 1,170             | \$0                 | \$595.94                     | \$0                                       | \$0.00                            | 0.00%                            |
| 15  | 170195             | 440    | 1    | 440               | \$2,080             | \$816.47                     | \$2,112                                   | -\$0.13                           | 1.54%                            |
| 16  | 170196             | 5,522  | 4    | 1,381             | \$0                 | \$591.11                     | \$0                                       | \$0.00                            | 0.00%                            |
| 17  | 170197             | 1,188  | 1    | 1,188             | \$0                 | \$595.53                     | \$0                                       | \$0.00                            | 0.00%                            |
| 18  | 170200             | 1,311  | 1    | 1,311             | \$0                 | \$592.71                     | \$0                                       | \$0.00                            | 0.00%                            |
| 19  | 170205             | 2,052  | 2    | 1,026             | \$0                 | \$599.24                     | \$0                                       | \$0.00                            | 0.00%                            |
| 20  | 170210             | 1,143  | 1    | 1,143             | \$0                 | \$596.56                     | \$0                                       | \$0.00                            | 0.00%                            |
| 21  | 170277             | 35     | 1    | 35                | \$643               | \$973.15                     | \$472                                     | -\$4.89                           | -26.59%                          |
| 22  | 190220             | 161    | 1    | 161               | \$2,240             | \$924.41                     | \$1,714                                   | -\$2.85                           | -23.48%                          |
| 23  | 190225             | 6,677  | 5    | 1,335             | \$0                 | \$592.17                     | \$0                                       | \$0.00                            | 0.00%                            |
| 24  | 190226             | 19,986 | 4    | 4,997             | \$0                 | \$531.18                     | \$0                                       | \$0.00                            | 0.00%                            |
| 25  | 190237             | 1,315  | 3    | 438               | \$5,862             | \$817.25                     | \$6,368                                   | \$0.36                            | 8.63%                            |
| 26  | 190238             | 1,540  | 5    | 308               | \$13,217            | \$867.54                     | \$11,653                                  | -\$0.92                           | -11.83%                          |
| 27  | 190239             | 690    | 1    | 690               | \$514               | \$719.76                     | \$0                                       | -\$0.70                           | -100.00%                         |
| 28  | 190243             | 2,477  | 2    | 1,239             | \$0                 | \$594.36                     | \$0                                       | \$0.00                            | 0.00%                            |
| 29  | 190250             | 21,999 | 9    | 2,444             | \$0                 | \$566.79                     | \$0                                       | \$0.00                            | 0.00%                            |
| 30  | 197251             | 779    | 1    | 779               | \$11                | \$685.33                     | \$0                                       | -\$0.01                           | -100.00%                         |
| 31  | 200258             | 1,029  | 1    | 1,029             | \$0                 | \$599.17                     | \$0                                       | \$0.00                            | 0.00%                            |
| 32  | 220324             | 2,037  | 1    | 2,037             | \$0                 | \$576.10                     | \$0                                       | \$0.00                            | 0.00%                            |
| 33  | 220380             | 4,356  | 6    | 726               | \$2,850             | \$705.83                     | \$0                                       | -\$0.64                           | -100.00%                         |
| 34  | 220389             | 3,821  | 3    | 1,274             | \$0                 | \$593.56                     | \$0                                       | \$0.00                            | 0.00%                            |
| 35  | 230478             | 1,488  | 1    | 1,488             | \$0                 | \$588.66                     | \$0                                       | \$0.00                            | 0.00%                            |
| 36  | 230491             | 58,426 | 3    | 19,475            | \$0                 | \$531.18                     | \$0                                       | \$0.00                            | 0.00%                            |
| 37  | 230494             | 1,284  | 1    | 1,284             | \$0                 | \$593.33                     | \$0                                       | \$0.00                            | 0.00%                            |
| 38  | 230496             | 11,619 | 8    | 1,452             | \$0                 | \$589.49                     | \$0                                       | \$0.00                            | 0.00%                            |
| 39  | 230497             | 2,209  | 2    | 1,105             | \$0                 | \$597.43                     | \$0                                       | \$0.00                            | 0.00%                            |
| 40  | 230500             | 726    | 1    | 726               | \$204               | \$705.83                     | \$0                                       | -\$0.26                           | -100.00%                         |
| 41  | 230501             | 29,636 | 12   | 2,470             | \$0                 | \$566.19                     | \$0                                       | \$0.00                            | 0.00%                            |
| 42  | 230503             | 11,620 | 6    | 1,937             | \$0                 | \$578.39                     | \$0                                       | \$0.00                            | 0.00%                            |
| 43  | 230505             | 2,428  | 3    | 809               | \$0                 | \$673.72                     | \$0                                       | \$0.00                            | 0.00%                            |
| 44  | 230511             | 20,218 | 10   | 2,022             | \$0                 | \$576.44                     | \$0                                       | \$0.00                            | 0.00%                            |
| 45  | 240515             | 3,361  | 1    | 3,361             | \$0                 | \$545.80                     | \$0                                       | \$0.00                            | 0.00%                            |
| 46  | 240516             | 11,757 | 3    | 3,919             | \$0                 | \$533.03                     | \$0                                       | \$0.00                            | 0.00%                            |
| 47  | 240532             | 350    | 1    | 350               | \$2,364             | \$851.29                     | \$2,340                                   | \$0.53                            | -1.02%                           |
| 48  | 240535             | 515    | 1    | 515               | \$1,130             | \$787.46                     | \$1,663                                   | \$1.16                            | 47.17%                           |
| 49  | 240541             | 1,721  | 1    | 1,721             | \$0                 | \$583.33                     | \$0                                       | \$0.00                            | 0.00%                            |
| 50  | 240546             | 13,879 | 7    | 1,983             | \$0                 | \$577.34                     | \$0                                       | \$0.00                            | 0.00%                            |
| 51  | 250283             | 7,343  | 3    | 2,448             | \$0                 | \$566.69                     | \$0                                       | \$0.00                            | 0.00%                            |
| 52  | 250285             | 705    | 1    | 705               | \$504               | \$713.96                     | \$0                                       | -\$0.69                           | -100.00%                         |

**Appendix C**  
**2014 Average Schedule USF Study**  
**Comparison of Current and Proposed Monthly HCL Cost per Loop Model Payments**

| Obs | Study Area<br>Code | Loops  | Exch | Loops per<br>Exch | Current<br>Payments | Proposed<br>Cost per<br>Loop | Monthly<br>Payment<br>(Fund Cap<br>Appl.) | Per Loop<br>Payment<br>Difference | Payment<br>Percent<br>Difference |
|-----|--------------------|--------|------|-------------------|---------------------|------------------------------|---|-----------------------------------|----------------------------------|
| 53  | 250311             | 1,528  | 4    | 382               | \$8,326             | \$838.91                     | \$9,192                                   | \$1.09                            | 10.40%                           |
| 54  | 250312             | 5,381  | 1    | 5,381             | \$0                 | \$531.18                     | \$0                                       | \$0.00                            | 0.00%                            |
| 55  | 260398             | 16,972 | 8    | 2,122             | \$0                 | \$574.16                     | \$0                                       | \$0.00                            | 0.00%                            |
| 56  | 260408             | 5,254  | 3    | 1,751             | \$0                 | \$582.65                     | \$0                                       | \$0.00                            | 0.00%                            |
| 57  | 260412             | 1,169  | 1    | 1,169             | \$0                 | \$595.96                     | \$0                                       | \$0.00                            | 0.00%                            |
| 58  | 260419             | 5,891  | 6    | 982               | \$0                 | \$606.80                     | \$0                                       | \$0.00                            | 0.00%                            |
| 59  | 270428             | 996    | 1    | 996               | \$0                 | \$601.38                     | \$0                                       | \$0.00                            | 0.00%                            |
| 60  | 280451             | 1,378  | 1    | 1,378             | \$0                 | \$591.18                     | \$0                                       | \$0.00                            | 0.00%                            |
| 61  | 280467             | 708    | 1    | 708               | \$614               | \$712.80                     | \$0                                       | -\$0.87                           | -100.00%                         |
| 62  | 287449             | 520    | 1    | 520               | \$1,109             | \$785.52                     | \$1,625                                   | \$1.13                            | 46.53%                           |
| 63  | 290553             | 28,581 | 17   | 1,681             | \$0                 | \$584.25                     | \$0                                       | \$0.00                            | 0.00%                            |
| 64  | 290554             | 10,081 | 5    | 2,016             | \$0                 | \$576.58                     | \$0                                       | \$0.00                            | 0.00%                            |
| 65  | 290565             | 18,289 | 10   | 1,829             | \$0                 | \$580.86                     | \$0                                       | \$0.00                            | 0.00%                            |
| 66  | 290570             | 4,294  | 5    | 859               | \$0                 | \$654.38                     | \$0                                       | \$0.00                            | 0.00%                            |
| 67  | 290598             | 1,068  | 4    | 267               | \$10,620            | \$883.40                     | \$8,999                                   | -\$1.32                           | -15.26%                          |
| 68  | 300585             | 454    | 1    | 454               | \$1,516             | \$811.06                     | \$2,046                                   | \$1.32                            | 34.96%                           |
| 69  | 300588             | 823    | 1    | 823               | \$0                 | \$668.31                     | \$0                                       | \$0.00                            | 0.00%                            |
| 70  | 300589             | 577    | 1    | 577               | \$969               | \$763.47                     | \$1,113                                   | \$0.34                            | 14.86%                           |
| 71  | 300591             | 537    | 1    | 537               | \$1,071             | \$778.95                     | \$1,487                                   | \$0.90                            | 38.84%                           |
| 72  | 300609             | 1,820  | 1    | 1,820             | \$0                 | \$581.07                     | \$0                                       | \$0.00                            | 0.00%                            |
| 73  | 300614             | 700    | 1    | 700               | \$546               | \$715.89                     | \$0                                       | -\$0.76                           | -100.00%                         |
| 74  | 300619             | 1,032  | 1    | 1,032             | \$0                 | \$599.10                     | \$0                                       | \$0.00                            | 0.00%                            |
| 75  | 300625             | 1,414  | 1    | 1,414             | \$0                 | \$590.36                     | \$0                                       | \$0.00                            | 0.00%                            |
| 76  | 300633             | 502    | 1    | 502               | \$1,195             | \$792.49                     | \$1,758                                   | \$1.15                            | 47.11%                           |
| 77  | 300634             | 2,798  | 1    | 2,798             | \$0                 | \$558.68                     | \$0                                       | \$0.00                            | 0.00%                            |
| 78  | 300639             | 994    | 1    | 994               | \$0                 | \$602.15                     | \$0                                       | \$0.00                            | 0.00%                            |
| 79  | 300645             | 937    | 1    | 937               | \$0                 | \$624.20                     | \$0                                       | \$0.00                            | 0.00%                            |
| 80  | 300650             | 1,269  | 2    | 635               | \$1,657             | \$741.04                     | \$907                                     | -\$0.55                           | -45.26%                          |
| 81  | 300651             | 272    | 1    | 272               | \$2,666             | \$881.47                     | \$2,263                                   | -\$1.03                           | -15.12%                          |
| 82  | 300654             | 571    | 1    | 571               | \$990               | \$765.79                     | \$1,174                                   | \$0.42                            | 18.59%                           |
| 83  | 300656             | 940    | 1    | 940               | \$0                 | \$623.04                     | \$0                                       | \$0.00                            | 0.00%                            |
| 84  | 300659             | 6,043  | 2    | 3,022             | \$0                 | \$553.56                     | \$0                                       | \$0.00                            | 0.00%                            |
| 85  | 300662             | 567    | 1    | 567               | \$1,056             | \$767.34                     | \$1,213                                   | \$0.32                            | 14.87%                           |
| 86  | 300663             | 227    | 1    | 227               | \$2,609             | \$898.87                     | \$2,103                                   | -\$1.38                           | -19.39%                          |
| 87  | 300664             | 832    | 1    | 832               | \$0                 | \$664.82                     | \$0                                       | \$0.00                            | 0.00%                            |
| 88  | 310675             | 3,885  | 4    | 971               | \$0                 | \$611.05                     | \$0                                       | \$0.00                            | 0.00%                            |
| 89  | 310676             | 5,625  | 4    | 1,406             | \$0                 | \$590.54                     | \$0                                       | \$0.00                            | 0.00%                            |
| 90  | 310678             | 1,014  | 1    | 1,014             | \$0                 | \$599.51                     | \$0                                       | \$0.00                            | 0.00%                            |
| 91  | 310688             | 896    | 1    | 896               | \$0                 | \$640.07                     | \$0                                       | \$0.00                            | 0.00%                            |
| 92  | 310694             | 513    | 1    | 513               | \$1,156             | \$788.23                     | \$1,678                                   | \$1.10                            | 45.16%                           |
| 93  | 310703             | 1,147  | 4    | 344               | \$8,301             | \$853.61                     | \$7,814                                   | \$0.23                            | -5.87%                           |
| 94  | 310725             | 854    | 1    | 854               | \$0                 | \$656.31                     | \$0                                       | \$0.00                            | 0.00%                            |
| 95  | 310735             | 790    | 1    | 790               | \$0                 | \$681.07                     | \$0                                       | \$0.00                            | 0.00%                            |
| 96  | 320751             | 1,733  | 2    | 867               | \$0                 | \$651.28                     | \$0                                       | \$0.00                            | 0.00%                            |
| 97  | 320756             | 756    | 1    | 756               | \$65                | \$694.23                     | \$0                                       | -\$0.08                           | -100.00%                         |
| 98  | 320771             | 384    | 1    | 384               | \$2,227             | \$838.14                     | \$2,294                                   | \$0.46                            | 3.01%                            |
| 99  | 320778             | 1,576  | 1    | 1,576             | \$0                 | \$586.65                     | \$0                                       | \$0.00                            | 0.00%                            |
| 100 | 320792             | 2,057  | 1    | 2,059             | \$0                 | \$575.60                     | \$0                                       | \$0.00                            | 0.00%                            |
| 101 | 320796             | 471    | 1    | 471               | \$1,203             | \$804.48                     | \$1,955                                   | \$1.75                            | 62.51%                           |
| 102 | 320809             | 1,270  | 3    | 423               | \$5,524             | \$823.05                     | \$6,549                                   | \$1.03                            | 18.56%                           |
| 103 | 320816             | 287    | 1    | 287               | \$2,652             | \$875.66                     | \$2,298                                   | -\$0.60                           | -13.35%                          |
| 104 | 320826             | 560    | 1    | 560               | \$964               | \$770.05                     | \$1,280                                   | \$0.71                            | 32.78%                           |

**Appendix C**  
**2014 Average Schedule USF Study**  
**Comparison of Current and Proposed Monthly HCL Cost per Loop Model Payments**

| Obs | Study Area<br>Code | Loops | Exch | Loops per<br>Exch | Current<br>Payments | Proposed<br>Cost per<br>Loop | Monthly<br>Payment<br>(Fund Cap<br>Appl.) | Per Loop<br>Payment<br>Difference | Payment<br>Percent<br>Difference |
|-----|--------------------|-------|------|-------------------|---------------------|------------------------------|---|-----------------------------------|----------------------------------|
| 105 | 320827             | 1,039 | 1    | 1,039             | \$0                 | \$598.94                     | \$0                                       | \$0.00                            | 0.00%                            |
| 106 | 320837             | 691   | 1    | 691               | \$605               | \$719.37                     | \$0                                       | -\$0.85                           | -100.00%                         |
| 107 | 320839             | 648   | 1    | 648               | \$723               | \$736.01                     | \$287                                     | -\$0.62                           | -60.30%                          |
| 108 | 330842             | 4,831 | 3    | 1,610             | \$0                 | \$585.87                     | \$0                                       | \$0.00                            | 0.00%                            |
| 109 | 330843             | 4,374 | 3    | 1,458             | \$0                 | \$589.35                     | \$0                                       | \$0.00                            | 0.00%                            |
| 110 | 330846             | 3,302 | 2    | 1,651             | \$0                 | \$584.93                     | \$0                                       | \$0.00                            | 0.00%                            |
| 111 | 330847             | 618   | 1    | 618               | \$792               | \$747.61                     | \$662                                     | -\$0.12                           | -16.41%                          |
| 112 | 330848             | 143   | 2    | 72                | \$2,561             | \$958.84                     | \$1,801                                   | -\$4.25                           | -29.68%                          |
| 113 | 330851             | 1,413 | 1    | 1,413             | \$0                 | \$590.38                     | \$0                                       | \$0.00                            | 0.00%                            |
| 114 | 330865             | 1,298 | 1    | 1,298             | \$0                 | \$593.01                     | \$0                                       | \$0.00                            | 0.00%                            |
| 115 | 330868             | 2,038 | 3    | 679               | \$2,021             | \$724.01                     | \$0                                       | -\$0.97                           | -100.00%                         |
| 116 | 330872             | 1,153 | 1    | 1,153             | \$0                 | \$596.33                     | \$0                                       | \$0.00                            | 0.00%                            |
| 117 | 330875             | 1,032 | 1    | 1,032             | \$0                 | \$599.10                     | \$0                                       | \$0.00                            | 0.00%                            |
| 118 | 330879             | 2,391 | 3    | 797               | \$196               | \$678.36                     | \$0                                       | -\$0.08                           | -100.00%                         |
| 119 | 330880             | 5,116 | 4    | 1,279             | \$0                 | \$593.45                     | \$0                                       | \$0.00                            | 0.00%                            |
| 120 | 330889             | 1,424 | 2    | 712               | \$636               | \$711.25                     | \$0                                       | -\$0.41                           | -100.00%                         |
| 121 | 330896             | 1,323 | 2    | 662               | \$1,462             | \$730.59                     | \$197                                     | -\$0.93                           | -86.53%                          |
| 122 | 330905             | 1,899 | 2    | 950               | \$0                 | \$619.18                     | \$0                                       | \$0.00                            | 0.00%                            |
| 123 | 330914             | 4,060 | 5    | 812               | \$0                 | \$672.56                     | \$0                                       | \$0.00                            | 0.00%                            |
| 124 | 330925             | 1,585 | 1    | 1,585             | \$0                 | \$586.44                     | \$0                                       | \$0.00                            | 0.00%                            |
| 125 | 330938             | 4,562 | 4    | 1,141             | \$0                 | \$596.61                     | \$0                                       | \$0.00                            | 0.00%                            |
| 126 | 330946             | 690   | 2    | 345               | \$4,847             | \$853.23                     | \$4,686                                   | \$0.31                            | -3.32%                           |
| 127 | 330951             | 2,461 | 1    | 2,461             | \$0                 | \$566.40                     | \$0                                       | \$0.00                            | 0.00%                            |
| 128 | 340983             | 1,123 | 2    | 662               | \$1,520             | \$730.59                     | \$167                                     | -\$1.25                           | -89.01%                          |
| 129 | 340990             | 239   | 1    | 239               | \$2,621             | \$894.23                     | \$2,154                                   | -\$1.47                           | -17.82%                          |
| 130 | 340993             | 345   | 1    | 345               | \$2,466             | \$853.23                     | \$2,343                                   | \$0.05                            | -4.99%                           |
| 131 | 341016             | 7,114 | 2    | 3,557             | \$0                 | \$541.32                     | \$0                                       | \$0.00                            | 0.00%                            |
| 132 | 341017             | 946   | 1    | 946               | \$0                 | \$620.72                     | \$0                                       | \$0.00                            | 0.00%                            |
| 133 | 341021             | 88    | 1    | 88                | \$1,443             | \$952.65                     | \$1,074                                   | -\$4.19                           | -25.57%                          |
| 134 | 341024             | 1,636 | 7    | 234               | \$18,209            | \$896.17                     | \$14,916                                  | -\$1.56                           | -18.08%                          |
| 135 | 341029             | 980   | 2    | 490               | \$2,368             | \$797.13                     | \$3,678                                   | \$1.45                            | 55.32%                           |
| 136 | 341041             | 83    | 1    | 83                | \$1,508             | \$954.58                     | \$1,023                                   | -\$3.89                           | -32.16%                          |
| 137 | 341046             | 136   | 1    | 136               | \$1,949             | \$934.08                     | \$1,519                                   | -\$3.60                           | -22.06%                          |
| 138 | 341050             | 1,935 | 1    | 1,935             | \$0                 | \$578.43                     | \$0                                       | \$0.00                            | 0.00%                            |
| 139 | 341053             | 2,646 | 2    | 1,323             | \$0                 | \$592.44                     | \$0                                       | \$0.00                            | 0.00%                            |
| 140 | 341062             | 467   | 1    | 467               | \$1,600             | \$806.03                     | \$1,978                                   | \$0.82                            | 23.63%                           |
| 141 | 341075             | 381   | 1    | 381               | \$2,332             | \$839.30                     | \$2,300                                   | \$0.04                            | -1.37%                           |
| 142 | 341086             | 335   | 1    | 335               | \$2,500             | \$857.09                     | \$2,345                                   | \$0.04                            | -6.20%                           |
| 143 | 341087             | 526   | 1    | 526               | \$1,148             | \$783.20                     | \$1,577                                   | \$0.83                            | 37.37%                           |
| 144 | 341092             | 70    | 1    | 70                | \$1,077             | \$959.61                     | \$885                                     | -\$4.73                           | -17.83%                          |
| 145 | 351097             | 274   | 1    | 274               | \$2,663             | \$880.69                     | \$2,268                                   | -\$1.34                           | -14.83%                          |
| 146 | 351098             | 270   | 1    | 270               | \$2,660             | \$882.24                     | \$2,258                                   | -\$0.47                           | -15.11%                          |
| 147 | 351101             | 880   | 1    | 880               | \$0                 | \$646.26                     | \$0                                       | \$0.00                            | 0.00%                            |
| 148 | 351107             | 259   | 1    | 259               | \$2,661             | \$886.49                     | \$2,226                                   | -\$1.12                           | -16.35%                          |
| 149 | 351108             | 94    | 1    | 94                | \$1,668             | \$950.33                     | \$1,134                                   | -\$3.67                           | -32.01%                          |
| 150 | 351112             | 871   | 3    | 290               | \$7,987             | \$874.50                     | \$6,919                                   | -\$0.86                           | -13.37%                          |
| 151 | 351113             | 1,252 | 1    | 1,252             | \$0                 | \$594.06                     | \$0                                       | \$0.00                            | 0.00%                            |
| 152 | 351114             | 297   | 1    | 297               | \$2,645             | \$871.79                     | \$2,316                                   | -\$0.65                           | -12.44%                          |
| 153 | 351115             | 1,296 | 4    | 465               | \$3,551             | \$806.80                     | \$5,543                                   | \$1.74                            | 56.10%                           |
| 154 | 351118             | 1,503 | 2    | 752               | \$668               | \$695.77                     | \$0                                       | -\$0.44                           | -100.00%                         |
| 155 | 351119             | 275   | 1    | 275               | \$2,663             | \$880.31                     | \$2,271                                   | -\$0.68                           | -14.72%                          |
| 156 | 351121             | 98    | 1    | 98                | \$1,668             | \$948.78                     | \$1,173                                   | -\$3.77                           | -29.68%                          |

**Appendix C**  
**2014 Average Schedule USF Study**  
**Comparison of Current and Proposed Monthly HCL Cost per Loop Model Payments**

| Obs | Study Area<br>Code | Loops | Exch | Loops per<br>Exch | Current<br>Payments | Proposed<br>Cost per<br>Loop | Monthly<br>Payment<br>(Fund Cap<br>Appl.) | Per Loop<br>Payment<br>Difference | Payment<br>Percent<br>Difference |
|-----|--------------------|-------|------|-------------------|---------------------|------------------------------|---|-----------------------------------|----------------------------------|
| 157 | 351125             | 3,739 | 3    | 1,246             | \$0                 | \$594.20                     | \$0                                       | \$0.00                            | 0.00%                            |
| 158 | 351133             | 702   | 4    | 176               | \$9,277             | \$918.60                     | \$7,253                                   | -\$2.72                           | -21.82%                          |
| 159 | 351136             | 412   | 1    | 412               | \$1,635             | \$827.31                     | \$2,220                                   | \$1.88                            | 35.78%                           |
| 160 | 351137             | 481   | 2    | 241               | \$5,228             | \$893.46                     | \$4,315                                   | -\$1.61                           | -17.46%                          |
| 161 | 351139             | 1,264 | 4    | 316               | \$10,454            | \$864.44                     | \$9,352                                   | -\$0.60                           | -10.54%                          |
| 162 | 351141             | 679   | 1    | 679               | \$694               | \$724.01                     | \$0                                       | -\$1.01                           | -100.00%                         |
| 163 | 351146             | 265   | 1    | 265               | \$2,665             | \$884.17                     | \$2,244                                   | -\$1.05                           | -15.80%                          |
| 164 | 351147             | 700   | 1    | 700               | \$509               | \$715.89                     | \$0                                       | -\$0.70                           | -100.00%                         |
| 165 | 351149             | 233   | 1    | 233               | \$2,594             | \$896.55                     | \$2,129                                   | -\$1.67                           | -17.93%                          |
| 166 | 351150             | 420   | 1    | 420               | \$1,904             | \$824.21                     | \$2,192                                   | \$0.90                            | 15.13%                           |
| 167 | 351153             | 570   | 1    | 570               | \$1,044             | \$766.18                     | \$1,184                                   | \$0.29                            | 13.41%                           |
| 168 | 351157             | 692   | 2    | 346               | \$5,321             | \$852.84                     | \$4,685                                   | -\$2.29                           | -11.95%                          |
| 169 | 351162             | 1,072 | 2    | 536               | \$2,264             | \$779.33                     | \$2,990                                   | \$0.71                            | 32.07%                           |
| 170 | 351166             | 624   | 1    | 624               | \$854               | \$745.29                     | \$590                                     | -\$0.37                           | -30.91%                          |
| 171 | 351168             | 1,612 | 7    | 230               | \$17,950            | \$897.71                     | \$14,832                                  | -\$1.87                           | -17.37%                          |
| 172 | 351171             | 1,823 | 1    | 1,823             | \$0                 | \$581.00                     | \$0                                       | \$0.00                            | 0.00%                            |
| 173 | 351173             | 1,749 | 4    | 437               | \$6,941             | \$817.63                     | \$8,506                                   | \$1.06                            | 22.55%                           |
| 174 | 351175             | 294   | 1    | 294               | \$2,647             | \$872.95                     | \$2,311                                   | -\$0.62                           | -12.69%                          |
| 175 | 351176             | 384   | 1    | 384               | \$2,326             | \$838.14                     | \$2,294                                   | \$0.01                            | -1.38%                           |
| 176 | 351179             | 261   | 1    | 261               | \$2,665             | \$885.72                     | \$2,232                                   | -\$0.97                           | -16.25%                          |
| 177 | 351188             | 405   | 1    | 405               | \$2,098             | \$830.01                     | \$2,241                                   | \$0.54                            | 6.82%                            |
| 178 | 351189             | 728   | 2    | 364               | \$4,884             | \$845.87                     | \$4,654                                   | -\$0.22                           | -4.71%                           |
| 179 | 351191             | 439   | 1    | 439               | \$2,009             | \$816.86                     | \$2,117                                   | \$0.15                            | 5.38%                            |
| 180 | 351199             | 382   | 1    | 382               | \$2,249             | \$838.91                     | \$2,298                                   | \$0.41                            | 2.18%                            |
| 181 | 351202             | 510   | 1    | 555               | \$1,000             | \$771.98                     | \$1,219                                   | \$0.50                            | 21.90%                           |
| 182 | 351203             | 636   | 1    | 636               | \$884               | \$740.65                     | \$441                                     | -\$0.69                           | -50.11%                          |
| 183 | 351205             | 1,035 | 2    | 518               | \$2,235             | \$786.30                     | \$3,277                                   | \$1.14                            | 46.62%                           |
| 184 | 351212             | 2,751 | 1    | 2,751             | \$0                 | \$559.76                     | \$0                                       | \$0.00                            | 0.00%                            |
| 185 | 351213             | 233   | 1    | 233               | \$2,585             | \$896.55                     | \$2,129                                   | -\$1.77                           | -17.64%                          |
| 186 | 351217             | 774   | 3    | 258               | \$7,970             | \$886.88                     | \$6,668                                   | -\$1.22                           | -16.34%                          |
| 187 | 351222             | 598   | 1    | 598               | \$975               | \$755.35                     | \$891                                     | -\$0.11                           | -8.62%                           |
| 188 | 351228             | 237   | 1    | 237               | \$2,581             | \$895.01                     | \$2,146                                   | -\$1.88                           | -16.85%                          |
| 189 | 351230             | 1,576 | 3    | 525               | \$3,378             | \$783.59                     | \$4,759                                   | \$0.96                            | 40.88%                           |
| 190 | 351232             | 609   | 1    | 609               | \$1,189             | \$751.09                     | \$767                                     | -\$1.06                           | -35.49%                          |
| 191 | 351235             | 526   | 1    | 526               | \$1,189             | \$783.20                     | \$1,577                                   | \$0.68                            | 32.63%                           |
| 192 | 351238             | 243   | 1    | 243               | \$2,621             | \$892.68                     | \$2,170                                   | -\$1.55                           | -17.21%                          |
| 193 | 351239             | 410   | 2    | 205               | \$5,077             | \$907.39                     | \$3,987                                   | -\$1.61                           | -21.47%                          |
| 194 | 351241             | 600   | 1    | 600               | \$850               | \$754.58                     | \$869                                     | \$0.14                            | 2.24%                            |
| 195 | 351242             | 520   | 1    | 520               | \$1,122             | \$785.52                     | \$1,625                                   | \$1.09                            | 44.83%                           |
| 196 | 351246             | 605   | 2    | 303               | \$5,302             | \$869.47                     | \$4,641                                   | -\$1.01                           | -12.47%                          |
| 197 | 351247             | 741   | 4    | 185               | \$9,573             | \$915.12                     | \$7,517                                   | -\$2.42                           | -21.48%                          |
| 198 | 351250             | 430   | 1    | 430               | \$1,553             | \$820.34                     | \$2,154                                   | \$1.73                            | 38.70%                           |
| 199 | 351257             | 696   | 1    | 696               | \$574               | \$717.44                     | \$0                                       | -\$0.80                           | -100.00%                         |
| 200 | 351259             | 1,787 | 7    | 255               | \$18,550            | \$888.04                     | \$15,506                                  | -\$1.42                           | -16.41%                          |
| 201 | 351260             | 3,148 | 3    | 1,049             | \$0                 | \$598.71                     | \$0                                       | \$0.00                            | 0.00%                            |
| 202 | 351261             | 1,031 | 4    | 258               | \$10,611            | \$886.88                     | \$8,881                                   | -\$1.39                           | -16.30%                          |
| 203 | 351264             | 514   | 2    | 257               | \$5,325             | \$887.27                     | \$4,439                                   | -\$1.01                           | -16.64%                          |
| 204 | 351265             | 157   | 1    | 157               | \$2,276             | \$925.95                     | \$1,685                                   | -\$2.58                           | -25.97%                          |
| 205 | 351266             | 220   | 1    | 220               | \$2,549             | \$901.58                     | \$2,070                                   | -\$1.82                           | -18.79%                          |
| 206 | 351269             | 466   | 1    | 466               | \$1,565             | \$806.42                     | \$1,983                                   | \$0.94                            | 26.71%                           |
| 207 | 351270             | 243   | 1    | 243               | \$2,614             | \$892.68                     | \$2,170                                   | -\$1.65                           | -16.99%                          |
| 208 | 351273             | 654   | 1    | 654               | \$703               | \$733.69                     | \$207                                     | -\$0.71                           | -70.55%                          |

**Appendix C**  
**2014 Average Schedule USF Study**  
**Comparison of Current and Proposed Monthly HCL Cost per Loop Model Payments**

| Obs | Study Area<br>Code | Loops  | Exch | Loops per<br>Exch | Current<br>Payments | Proposed<br>Cost per<br>Loop | Monthly<br>Payment<br>(Fund Cap<br>Appl.) | Per Loop<br>Payment<br>Difference | Payment<br>Percent<br>Difference |
|-----|--------------------|--------|------|-------------------|---------------------|------------------------------|---|-----------------------------------|----------------------------------|
| 209 | 351275             | 149    | 1    | 149               | \$2,187             | \$929.05                     | \$1,624                                   | -\$2.86                           | -25.74%                          |
| 210 | 351276             | 966    | 2    | 483               | \$2,597             | \$799.84                     | \$3,767                                   | \$1.26                            | 45.05%                           |
| 211 | 351278             | 699    | 1    | 699               | \$648               | \$716.28                     | \$0                                       | -\$0.93                           | -100.00%                         |
| 212 | 351280             | 306    | 1    | 306               | \$2,645             | \$868.31                     | \$2,328                                   | -\$0.84                           | -11.98%                          |
| 213 | 351282             | 1,034  | 4    | 259               | \$10,612            | \$886.49                     | \$8,885                                   | -\$1.34                           | -16.27%                          |
| 214 | 351283             | 329    | 1    | 329               | \$2,471             | \$859.41                     | \$2,345                                   | \$0.36                            | -5.10%                           |
| 215 | 351285             | 827    | 2    | 414               | \$4,067             | \$826.53                     | \$4,421                                   | \$0.58                            | 8.70%                            |
| 216 | 351291             | 1,300  | 4    | 325               | \$10,141            | \$860.96                     | \$9,373                                   | -\$0.01                           | -7.57%                           |
| 217 | 351292             | 186    | 1    | 186               | \$2,410             | \$914.74                     | \$1,883                                   | -\$2.36                           | -21.87%                          |
| 218 | 351293             | 882    | 2    | 441               | \$3,335             | \$816.09                     | \$4,216                                   | \$1.17                            | 26.42%                           |
| 219 | 351301             | 470    | 3    | 157               | \$6,676             | \$925.95                     | \$5,043                                   | -\$2.84                           | -24.46%                          |
| 220 | 351302             | 1,019  | 1    | 1,019             | \$0                 | \$599.40                     | \$0                                       | \$0.00                            | 0.00%                            |
| 221 | 351306             | 1,008  | 1    | 1,008             | \$0                 | \$599.65                     | \$0                                       | \$0.00                            | 0.00%                            |
| 222 | 351307             | 148    | 1    | 148               | \$2,171             | \$929.44                     | \$1,616                                   | -\$2.91                           | -25.56%                          |
| 223 | 351308             | 371    | 1    | 371               | \$2,418             | \$843.17                     | \$2,318                                   | -\$0.20                           | -4.14%                           |
| 224 | 351309             | 255    | 1    | 255               | \$2,476             | \$888.04                     | \$2,213                                   | \$1.88                            | -10.62%                          |
| 225 | 351310             | 430    | 1    | 430               | \$1,658             | \$820.34                     | \$2,154                                   | \$1.44                            | 29.92%                           |
| 226 | 351319             | 2,191  | 6    | 365               | \$14,529            | \$845.49                     | \$13,962                                  | -\$0.11                           | -3.90%                           |
| 227 | 351320             | 453    | 1    | 453               | \$1,725             | \$811.44                     | \$2,051                                   | \$0.76                            | 18.90%                           |
| 228 | 351322             | 413    | 1    | 413               | \$2,131             | \$826.92                     | \$2,216                                   | \$0.24                            | 3.99%                            |
| 229 | 351331             | 3,848  | 6    | 641               | \$4,477             | \$738.71                     | \$2,264                                   | -\$0.52                           | -49.43%                          |
| 230 | 351334             | 3,089  | 8    | 386               | \$18,239            | \$837.36                     | \$18,324                                  | \$0.19                            | 0.47%                            |
| 231 | 351335             | 284    | 1    | 284               | \$2,666             | \$876.82                     | \$2,292                                   | -\$1.06                           | -14.03%                          |
| 232 | 351336             | 1,160  | 1    | 1,160             | \$0                 | \$596.17                     | \$0                                       | \$0.00                            | 0.00%                            |
| 233 | 351342             | 161    | 1    | 161               | \$2,276             | \$924.41                     | \$1,714                                   | -\$2.66                           | -24.69%                          |
| 234 | 351343             | 462    | 1    | 462               | \$1,366             | \$807.96                     | \$2,005                                   | \$1.54                            | 46.78%                           |
| 235 | 351344             | 625    | 3    | 208               | \$7,588             | \$906.22                     | \$6,039                                   | -\$1.78                           | -20.41%                          |
| 236 | 351424             | 873    | 3    | 291               | \$7,992             | \$874.12                     | \$6,917                                   | -\$1.08                           | -13.45%                          |
| 237 | 361348             | 67     | 1    | 67                | \$1,181             | \$960.77                     | \$852                                     | -\$4.40                           | -27.86%                          |
| 238 | 361353             | 1,073  | 1    | 1,073             | \$0                 | \$598.16                     | \$0                                       | \$0.00                            | 0.00%                            |
| 239 | 361356             | 3,756  | 5    | 751               | \$1,296             | \$696.16                     | \$0                                       | -\$0.33                           | -100.00%                         |
| 240 | 361365             | 232    | 1    | 232               | \$2,600             | \$896.94                     | \$2,125                                   | -\$1.58                           | -18.27%                          |
| 241 | 361372             | 145    | 1    | 145               | \$2,163             | \$930.60                     | \$1,593                                   | -\$2.88                           | -26.35%                          |
| 242 | 361375             | 5,757  | 11   | 523               | \$12,330            | \$784.36                     | \$17,623                                  | \$1.02                            | 42.93%                           |
| 243 | 361381             | 169    | 1    | 169               | \$2,316             | \$921.31                     | \$1,771                                   | -\$2.61                           | -23.53%                          |
| 244 | 361390             | 1,963  | 7    | 280               | \$18,651            | \$878.37                     | \$16,005                                  | -\$1.27                           | -14.19%                          |
| 245 | 361396             | 2,700  | 4    | 675               | \$2,645             | \$725.56                     | \$0                                       | -\$0.95                           | -100.00%                         |
| 246 | 361401             | 1,809  | 10   | 181               | \$23,450            | \$916.67                     | \$18,502                                  | -\$2.67                           | -21.10%                          |
| 247 | 361403             | 766    | 1    | 766               | \$302               | \$690.36                     | \$0                                       | -\$0.39                           | -100.00%                         |
| 248 | 361404             | 865    | 2    | 433               | \$3,976             | \$819.18                     | \$4,279                                   | \$0.34                            | 7.62%                            |
| 249 | 361408             | 1,466  | 3    | 489               | \$3,579             | \$797.52                     | \$5,533                                   | \$1.43                            | 54.60%                           |
| 250 | 361409             | 7,442  | 1    | 7,442             | \$0                 | \$531.18                     | \$0                                       | \$0.00                            | 0.00%                            |
| 251 | 361413             | 1,414  | 4    | 354               | \$9,395             | \$849.74                     | \$9,336                                   | \$0.51                            | -0.63%                           |
| 252 | 361423             | 702    | 1    | 702               | \$542               | \$715.12                     | \$0                                       | -\$0.75                           | -100.00%                         |
| 253 | 361424             | 690    | 2    | 345               | \$5,063             | \$853.23                     | \$4,686                                   | -\$0.40                           | -7.45%                           |
| 254 | 361427             | 16,517 | 1    | 16,517            | \$0                 | \$531.18                     | \$0                                       | \$0.00                            | 0.00%                            |
| 255 | 361430             | 7,704  | 8    | 963               | \$0                 | \$614.15                     | \$0                                       | \$0.00                            | 0.00%                            |
| 256 | 361431             | 2,050  | 4    | 513               | \$4,625             | \$788.23                     | \$6,705                                   | \$1.10                            | 44.97%                           |
| 257 | 361439             | 608    | 3    | 203               | \$7,493             | \$908.16                     | \$5,938                                   | -\$2.05                           | -20.75%                          |
| 258 | 361440             | 1,389  | 4    | 347               | \$9,789             | \$852.45                     | \$9,375                                   | \$0.14                            | -4.23%                           |
| 259 | 361443             | 8,229  | 9    | 914               | \$0                 | \$633.10                     | \$0                                       | \$0.00                            | 0.00%                            |
| 260 | 361450             | 3,343  | 6    | 557               | \$6,399             | \$771.21                     | \$7,852                                   | \$0.49                            | 22.71%                           |

**Appendix C**  
**2014 Average Schedule USF Study**  
**Comparison of Current and Proposed Monthly HCL Cost per Loop Model Payments**

| Obs | Study Area<br>Code | Loops | Exch | Loops per<br>Exch | Current<br>Payments | Proposed<br>Cost per<br>Loop | Monthly<br>Payment<br>(Fund Cap<br>Appl.) | Per Loop<br>Payment<br>Difference | Payment<br>Percent<br>Difference |
|-----|--------------------|-------|------|-------------------|---------------------|------------------------------|---|-----------------------------------|----------------------------------|
| 261 | 361472             | 4,917 | 10   | 492               | \$11,819            | \$796.36                     | \$18,248                                  | \$1.42                            | 54.40%                           |
| 262 | 361474             | 490   | 1    | 490               | \$1,326             | \$797.13                     | \$1,839                                   | \$1.05                            | 38.69%                           |
| 263 | 361475             | 3,113 | 9    | 346               | \$22,229            | \$852.84                     | \$21,077                                  | \$0.00                            | -5.18%                           |
| 264 | 361476             | 367   | 1    | 367               | \$2,429             | \$844.71                     | \$2,323                                   | -\$0.18                           | -4.36%                           |
| 265 | 361479             | 9,956 | 3    | 3,319             | \$0                 | \$546.76                     | \$0                                       | \$0.00                            | 0.00%                            |
| 266 | 361487             | 1,063 | 1    | 1,063             | \$0                 | \$598.39                     | \$0                                       | \$0.00                            | 0.00%                            |
| 267 | 361495             | 548   | 2    | 274               | \$5,288             | \$880.69                     | \$4,537                                   | -\$0.24                           | -14.20%                          |
| 268 | 361499             | 1,781 | 1    | 1,781             | \$0                 | \$581.96                     | \$0                                       | \$0.00                            | 0.00%                            |
| 269 | 361500             | 35    | 1    | 35                | \$643               | \$973.15                     | \$472                                     | -\$4.89                           | -26.59%                          |
| 270 | 361502             | 1,703 | 2    | 852               | \$0                 | \$657.09                     | \$0                                       | \$0.00                            | 0.00%                            |
| 271 | 361505             | 5,587 | 18   | 310               | \$47,738            | \$866.77                     | \$42,042                                  | -\$0.99                           | -11.93%                          |
| 272 | 361508             | 711   | 1    | 711               | \$386               | \$711.63                     | \$0                                       | -\$0.51                           | -100.00%                         |
| 273 | 361512             | 130   | 1    | 130               | \$1,968             | \$936.40                     | \$1,469                                   | -\$3.39                           | -25.36%                          |
| 274 | 361515             | 1,610 | 1    | 1,610             | \$0                 | \$585.87                     | \$0                                       | \$0.00                            | 0.00%                            |
| 275 | 361654             | 1,417 | 3    | 472               | \$3,604             | \$804.09                     | \$5,852                                   | \$1.74                            | 62.38%                           |
| 276 | 371530             | 1,140 | 5    | 228               | \$12,912            | \$898.49                     | \$10,537                                  | -\$1.73                           | -18.39%                          |
| 277 | 371555             | 4,777 | 9    | 531               | \$10,046            | \$781.27                     | \$13,824                                  | \$0.88                            | 37.61%                           |
| 278 | 371563             | 766   | 2    | 383               | \$4,433             | \$838.52                     | \$4,592                                   | \$0.52                            | 3.59%                            |
| 279 | 371581             | 1,379 | 2    | 690               | \$1,137             | \$719.76                     | \$0                                       | -\$0.79                           | -100.00%                         |
| 280 | 371590             | 67    | 1    | 67                | \$1,181             | \$960.77                     | \$852                                     | -\$4.40                           | -27.86%                          |
| 281 | 381509             | 259   | 2    | 130               | \$3,936             | \$936.40                     | \$2,926                                   | -\$3.39                           | -25.66%                          |
| 282 | 381601             | 48    | 1    | 48                | \$875               | \$968.12                     | \$632                                     | -\$4.69                           | -27.77%                          |
| 283 | 381614             | 1,258 | 5    | 252               | \$13,194            | \$889.20                     | \$10,995                                  | -\$1.55                           | -16.67%                          |
| 284 | 381615             | 1,559 | 4    | 390               | \$8,789             | \$835.82                     | \$9,118                                   | \$0.47                            | 3.74%                            |
| 285 | 381622             | 794   | 2    | 397               | \$4,578             | \$833.11                     | \$4,527                                   | -\$0.10                           | -1.11%                           |
| 286 | 381625             | 6,213 | 15   | 414               | \$34,160            | \$826.53                     | \$33,211                                  | -\$0.39                           | -2.78%                           |
| 287 | 381638             | 1,010 | 3    | 337               | \$7,768             | \$856.32                     | \$7,029                                   | -\$0.72                           | -9.51%                           |
| 288 | 391640             | 1,335 | 3    | 445               | \$5,303             | \$814.54                     | \$6,269                                   | \$0.80                            | 18.22%                           |
| 289 | 391649             | 1,269 | 1    | 1,269             | \$0                 | \$593.68                     | \$0                                       | \$0.00                            | 0.00%                            |
| 290 | 391650             | 9,230 | 1    | 9,230             | \$0                 | \$531.18                     | \$0                                       | \$0.00                            | 0.00%                            |
| 291 | 391653             | 305   | 1    | 305               | \$2,651             | \$868.70                     | \$2,327                                   | -\$0.95                           | -12.22%                          |
| 292 | 391660             | 4,927 | 8    | 616               | \$6,970             | \$748.39                     | \$5,483                                   | -\$0.24                           | -21.33%                          |
| 293 | 391664             | 3,084 | 14   | 220               | \$35,873            | \$901.58                     | \$29,022                                  | -\$1.69                           | -19.10%                          |
| 294 | 391671             | 2,009 | 1    | 2,009             | \$0                 | \$576.74                     | \$0                                       | \$0.00                            | 0.00%                            |
| 295 | 391677             | 3,852 | 5    | 770               | \$764               | \$688.81                     | \$0                                       | -\$0.19                           | -100.00%                         |
| 296 | 391682             | 384   | 2    | 192               | \$4,819             | \$912.41                     | \$3,839                                   | -\$2.45                           | -20.34%                          |
| 297 | 401710             | 763   | 2    | 382               | \$4,570             | \$838.91                     | \$4,590                                   | \$0.25                            | 0.44%                            |
| 298 | 401712             | 5,690 | 8    | 711               | \$3,170             | \$711.63                     | \$0                                       | -\$0.53                           | -100.00%                         |
| 299 | 401722             | 2,711 | 8    | 339               | \$20,061            | \$855.55                     | \$18,753                                  | -\$0.08                           | -6.52%                           |
| 300 | 421893             | 361   | 1    | 361               | \$2,326             | \$847.04                     | \$2,331                                   | \$0.49                            | 0.21%                            |
| 301 | 421900             | 1,080 | 4    | 270               | \$10,665            | \$882.24                     | \$9,032                                   | -\$0.89                           | -15.31%                          |
| 302 | 421932             | 1,216 | 1    | 1,216             | \$0                 | \$594.89                     | \$0                                       | \$0.00                            | 0.00%                            |
| 303 | 421936             | 355   | 1    | 355               | \$2,312             | \$849.36                     | \$2,337                                   | \$0.69                            | 1.08%                            |
| 304 | 421942             | 1,434 | 3    | 478               | \$3,698             | \$801.77                     | \$5,742                                   | \$1.53                            | 55.27%                           |
| 305 | 431968             | 1,288 | 1    | 1,288             | \$0                 | \$593.24                     | \$0                                       | \$0.00                            | 0.00%                            |
| 306 | 442043             | 466   | 2    | 233               | \$5,267             | \$896.55                     | \$4,258                                   | -\$1.09                           | -19.16%                          |
| 307 | 442107             | 5,676 | 1    | 5,676             | \$0                 | \$531.18                     | \$0                                       | \$0.00                            | 0.00%                            |
| 308 | 462198             | 789   | 1    | 789               | \$159               | \$681.46                     | \$0                                       | -\$0.20                           | -100.00%                         |
| 309 | 462206             | 58    | 1    | 58                | \$1,062             | \$964.25                     | \$750                                     | -\$4.48                           | -29.38%                          |
| 310 | 462210             | 58    | 1    | 58                | \$891               | \$964.25                     | \$750                                     | -\$4.89                           | -15.82%                          |
| 311 | 472227             | 978   | 5    | 235               | \$10,883            | \$895.78                     | \$8,896                                   | -\$1.62                           | -18.26%                          |
| 312 | 482252             | 2,487 | 2    | 1,244             | \$0                 | \$594.25                     | \$0                                       | \$0.00                            | 0.00%                            |

**Appendix C**  
**2014 Average Schedule USF Study**  
**Comparison of Current and Proposed Monthly HCL Cost per Loop Model Payments**

| Obs    | Study Area<br>Code | Loops   | Exch | Loops per<br>Exch | Current<br>Payments | Proposed<br>Cost per<br>Loop | Monthly<br>Payment<br>(Fund Cap<br>Appl.) | Per Loop<br>Payment<br>Difference | Payment<br>Percent<br>Difference |
|--------|--------------------|---------|------|-------------------|---------------------|------------------------------|---|-----------------------------------|----------------------------------|
| 313    | 502279             | 1,304   | 1    | 1,304             | \$0                 | \$592.87                     | \$0                                       | \$0.00                            | 0.00%                            |
| 314    | 502282             | 1,362   | 1    | 1,362             | \$0                 | \$591.55                     | \$0                                       | \$0.00                            | 0.00%                            |
| 315    | 502283             | 1,469   | 3    | 490               | \$3,589             | \$797.13                     | \$5,513                                   | \$1.39                            | 53.61%                           |
| 316    | 532386             | 1,525   | 1    | 1,525             | \$0                 | \$587.82                     | \$0                                       | \$0.00                            | 0.00%                            |
| 317    | 532396             | 559     | 1    | 559               | \$1,103             | \$770.44                     | \$1,290                                   | \$0.33                            | 16.95%                           |
| 318    | 613005             | 63      | 1    | 63                | \$1,122             | \$962.32                     | \$807                                     | -\$4.45                           | -28.07%                          |
| 319    | 613026             | 163     | 1    | 163               | \$2,276             | \$923.63                     | \$1,729                                   | -\$2.70                           | -24.03%                          |
| Total: |                    | 770,146 |      |                   | \$933,426           |                              | \$861,950                                 | -\$0.03                           | -7.66%                           |